

Summary European Integration (lectures)

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VL1 Introduction

What is the European Union?

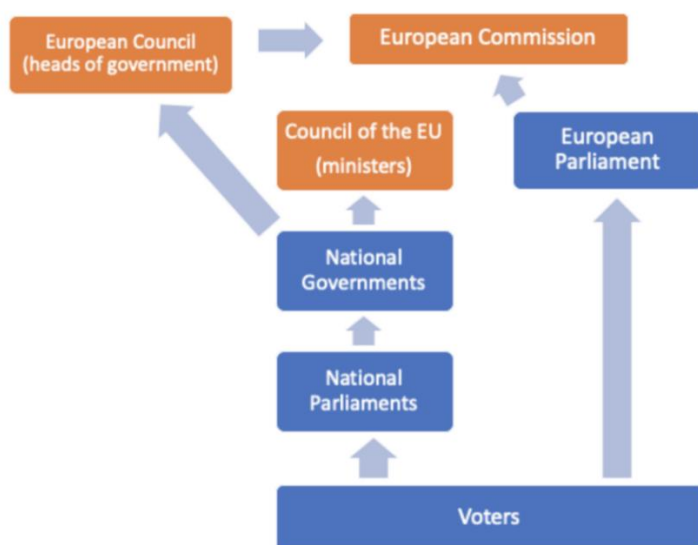
- An attempt to create a European super state?
 - o Removal of national borders, single currency, flag & anthem
- A glorified trade and economic union?
 - o No ability to tax
 - o Relatively limited cooperation on foreign policy beyond trade
 - o Limited cooperation on policing
 - o Little or no coordination of welfare systems
- A System of institutions and rules

Institutions of the EU

- Executive branch
 - o The Commission
 - o The European Council
- Legislative branch
 - o European Parliament
 - o Council of Ministers
- Judicial branch
 - o European Court of Justice

→ Institutions are like the ones that we know, but they are called different

EU chain of Delegation



VL2 History of European Integration

Starting point of European Integration

- Destruction and devastation after WW2
- Bipolar world order
- West desires to prevent the rise of nationalism and contain the USSR
- Jean Monnet & Robert Schuman as two important figures in the early days

9 May 1950 – The Schuman Declaration

- Proposed the European Coal and Steel Community
 - o Beginning of the economic integration
 - o Sectorial integration
 - o Implied a step towards a supranational structure without UK
- Common market in iron and steel
 - o Removal of import/export restrictions
 - o Elimination of state subsidies
 - o Abolition of restrictive practices
 - o Production controlled by a common High Commission
 - Technocrats would be in charge
- Why Coal and Steel?
 - o Physically important to rebuild a country
 - o National interests
 - **FR**: control GER remilitarization, secure supplies of coal, dominate European steel production
 - **GER**: international respectability, consolidation of capitalist identity, some control over national resources
 - **Benelux**: economic dependence on FR and GER, established customs union, they want to have a say in economic activities
 - **Italy**: international respectability, consolidation of capitalist identity
 - **GB**: in favour of a tariff association but not more, Commonwealth regarded as more important, reluctant to cede sovereignty

Early treaties

- European Defence Community Treaty fails in 1952
- Treaties of Rome 1957
 - o EEC: Customs union, “Common Market”, Common Agricultural Policy (CAP), transport and social policy
 - o Euratom: Cooperation in the use of atomic energy
 - o Italy secures commitment to create EC regional policy
- common set of institutions for economic questions
- Merger Treaty 1967
 - o Institutional fusion of Council, Commission/High authority, etc. of ECSC, EEC, Euratom
 - o “European Communities” – legally separate entities, nevertheless common institutions

Stagnation 1965-1985

- Charles de Gaulle
 - o Embodies the French vision of European integration
 - o Blocks the integration of the UK
 - o Boycotts Council of Ministers meetings
- Conflict among member states
 - o France rejects changes to Qualified Majority Voting because they didn't want to lose their veto-power
 - o Luxembourg Compromises to preserve unanimity (in case of national interests)
 - Qualified Majority Voting is not possible, because almost every issue is of national interest
 - Like this every state has veto-power

Pressures for cooperation in the 1970's

- Global monetary system (Bretton Woods) breaks down
- Fluctuation in currencies hinder trade
 - o D-Mark strong, Franc and Pound are weak
 - o Fluctuations make predictions and investments riskier and more difficult
 - o Attempts to link currencies did not work
- Democratisation in southern Europe
 - o Portugal, Spain and Greece
- Increasing globalisation and trade competition

Integration in 70's

- First EFTA (European free trade association) round:
 - o Denmark, Ireland and UK join in 1973
- Southern enlargement round
 - o Greece 1975, Portugal & Spain 1977
 - o Process took longer due to concerns about democratization, political stability, economic development and the readiness to apply EC laws
- First direct elections to EP in 1979

From EC to EU in the 1980's

- Schengen Agreement 1985
 - o Between Belgium, France, Germany, Luxembourg, Netherlands
 - o Open borders
 - Abolition of boarder controls, closer cooperation in cross-border criminal prosecution and asylum matters
- The single European act 1986
 - Established the European Market programme
 - Common customs tariff, four freedom of movement (goods, capital, services, persons), approximation of laws, competition policy

- Institutional changes
 - More power for the Council and the EP
- New policies
 - European political Cooperation, research and development, environment

Maastricht: Treaty on European Union 1990's

- Establishment of a European Union resting on three pillars
 - European Communities
 - Common Foreign and Security Policy (CFSP)
 - Justice and Home Affairs
- Creates an Economic and Monetary Union
- New European policies
- More power to the European Parliament

Integration in the 1990's

- Second EFTA enlargement round
 - Austria, Finland, Sweden join in 1995
 - Remained outside for reasons of neutrality
 - Were accepted, because they were wealthy and easy to integrate
 - Switzerland remains outside, but there are many bilateral agreements regarding integration

Integration in Central & Eastern Europe 1990-2000's

- Challenges in new states
 - Consolidated democracies, Human Rights, Treatment of minorities?
 - Massive restructuring of economies
 - Large levels of corruption
 - Need to create functioning bureaucracies and judiciary
- Challenges for the EU
 - Institutional reforms needed
 - Increased disparities in wealth
 - Need to create functioning bureaucracies and judiciary
 - Growing "enlargement fatigue"

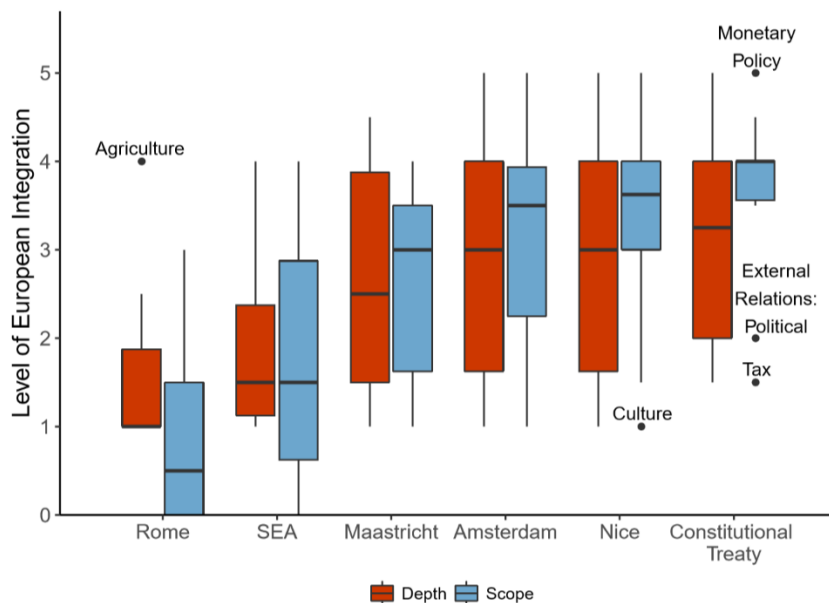
Treaty of Lisbon 2007

- Creates “ordinary legislature procedure” which places EP on par with Council
- Unified legal structure, eliminating “three pillars”
- Creates new posts
 - o President of the European Council
 - o High Representative of the Union for Foreign Affairs and Security Policy
- Ratification / Referendum troubles in Ireland

The financial crisis

- Economic crisis
 - o housing market crashes 2007-08, beginning of the crisis
 - o Countries find themselves running huge deficits
 - Greece, Ireland, Portugal, Spain, Italy
- Support packages
 - o 2010: European Financial Stability Facility
 - o 2012: European Stability Mechanism
- Ongoing crisis in Greece

Integration over time



- Depth: more decision making; scope: involvement of the member States
- Over time / with every treaty European integration increases in scope and in depth.
 - o Some outliers like
 - agriculture, which always played a huge role with a lot of involvement.
 - Monetary Policy is all done on European level

VL3 Theories of EU Integration

Who were the four Frenchmen of EU integration?

- **Robert Schuman** — French foreign minister during the 4th Republic, originally from Alsace. Made the Schuman Declaration on 9 May 1950 proposing the ECSC.
- **Jean Monnet** — Businessman from Cognac, France who played important bureaucratic/logistic roles for the French, British and Americans during WWII. Envisioned and developed plan for ECSC and European cooperation. Served as first chair of the ECSC High Authority.
- **Charles de Gaulle** — French general, war hero and first president of the French 5th Republic. Advocate for European integration with France at the helm. Blocked entry of UK into the EU twice, sparked a row with the Empty Chair Crisis.
- **Jacques Delors** — European Commission President (1985-1995). Oversaw the treaties that aimed to complete the common market, the founding of the “European Union” and the Eurozone. Ended the period of “Eurosclerosis”.

Perspectives on theorizing the EU

- **Normative** theorising: What should the EU be?
- **Positive** theorising: Finding or constructing general explanations for regularities within the process of integration.

Theory in the EU: Possible comparisons...

- International organisations (e.g. other trading blocs – NATFA, Mercosur, Andean Community)
- Federal states (e.g. US, Switzerland, Germany, Canada, Australia)
- Nothing, it’s sui genesis

Theory branches:

- **IR/IO scholars** ask why states vest power in international institutions.
 - o Focus on interstate negotiations and the Council (intergovernmentalism)
 - o Focus on how international courts and bureaucrats (e.g. ECJ, Commission) can enforce decisions or may have increased in power (supranationalism)
- **Comparative scholars** ask how actors interact to make policy.
 - o Focus on policymaking process (comparative institutionalism)
 - o Look at rules for law-making (e.g. interaction between Commission, EP, Council and Court)

Grand Theories of European Integration

- Theorizing begins with international relations
 - o Neofunctionalism/Supranationalism
 - o Intergovernmentalism
- Moves on to comparative politics
 - o Multilevel governance
 - o Institutionalism

IR: Neofunctionalism

- The theory of European integration in the 1950's and early 1960's
 - o Ernst Haas "The Uniting of Europe" (1958)
- Functionalism — organizations "should" be tailored to the types of tasks that need to be carried out, associated with David Mitrany.
 - o "Function" as an explanation for existence.
- Main assumptions
 - o Supranational organisations are relevant and autonomous actors, entrepreneurs
 - o Momentum of integration not intended by national governments, driven by "spill over"
- Why do we observe integration?
 - o **Functional** spill-over: integration in one sector leads to pressure to integrate in another
 - o **Technical** spill-over: alignment of standards
 - o **Political** spill-over: new loyalties lie beyond the nation-state and create pressure for more integration
- We observe integration when transnational actors desire it and supranational actors can support them.
- Transnational policy entrepreneurs push for integration. National actors acquiesce (sich fügen) because of short-term interests

IR: Intergovernmentalism

- Developed in reaction to Neofunctionalism starting in mid to late 1960s, first by Stanley Hoffman (1966)
- Main assumption:
 - o nation-state remain key actors driving integration
 - o supranational actors do not have the power to push beyond what nation-states allow.
- Variants:
 - o **Realist intergovernmentalism**: integration depends on national power and security interests (based on work of Kenneth Waltz)
 - o **Liberal intergovernmentalism**: integration depends on sector specific benefits/costs of integration that lead organised interest groups to lobby national governments (Moravcsik 1998)
- We observe integration because:
 - o Governments rationally chose to integrate
 - o State preferences explained by domestic politics, conditioned by constraints and opportunities created by economic interdependence.
 - o Bargaining and bargaining power
- Limits of integration
 - o Little integration in areas of high politics
 - o Supranational organisations remain weak.
 - o Liberal intergovernmentalism sees them as offering credible commitments

Theories of Comparative Politics

- Less concerned with when and why we see widening/deepening.
- More concerned with how politics works within the system that exists.
- Focus on institutions — the rules and norms that structure how political actors interact with one another
- Borrows institutional theories used to explain parliamentary and legislative politics in European states and the US.
- Which actors are required to agree to pass law?
 - o When the agreement of more actors is required, change will be more difficult (Tsebelis 2002).
- Which actors get to make policy proposals to the other actors?
 - o The Commission is more powerful when it can make a proposal that is easier for the Council to accept than to amend (Tsebelis 1996)
- The Court has power to make important rulings when member states cannot agree on how to overrule the court.

CP: Multilevel Governance

- Integration more complex than simple transfer of authority from member state governments to supranational actors
- We must understand EU integration as an interaction between multiple layers of governance
- Subnational layers can directly access EU decision-making bodies
- Subnational regions created specifically for EU

CP: Institutionalism in VL4

VL4 European Institutions

Institution Definition

- The rules of the of the game...the structures that determine the strategic interactions between individuals
- The organizations that embody those rules

The (Primary) Institutions of the EU

- Executive branch
 - o The Commission
 - o The European Council
- Legislative branch
 - o European Parliament
 - o The Council of Ministers
- Judicial Branch
 - o European Court of Justice

Other Institutions

- European Central Bank
- Committee of the Regions
- European Court of Auditors
- The European Agencies
 - o European Food safety Authority (Parma, Italy)
 - o European Chemicals Agency (Helsinki, Finland)
 - o Safety & Health at Work (Bilboa, Spain)
 - o Environment (Copenhagen, Denmark)
 - o European Medicines Agency (Amsterdam)

Origin of Institutions

- Institutions of ECSC (European coal and steel community), EEC (European economic community) and Euratom were starting point for all current institutions.

Ex. The Commission:

- o 1952: ECSC High Authority
- o 1958: Commission of EEC and Commission of European Atomic Energy Community
- o 1967: Combination of the three European executives into the European Commission

Constitutional Agenda Setting

- who formally proposes policy/legislation to whom?
 - o Presidential System: Congress proposes legislation to the president
 - o Parliamentary System: Government proposes legislation to parliament
- US President: unable to do anything without Congress;
UK Parliament: “rubber stamp” must approve it as a whole

Institutions of the EU

The Commission

- The College of Commissioners
 - o 27 Commissioners (one per MS) serving 5-year terms
 - o Headed by President of the Commission
 - o Appointed by member states subject to the approval of the Parliament
- Appointment and Dismissal
 - o Council nominates President of the Commission “after taking account of the latest European Elections”
 - o European Parliament approves or vetoes nomination
 - o Commission President (in cooperation with Member States) puts together college
 - o EP and Council formally elect college
 - o European Parliament can dissolve the Commission by a vote of no confidence (requires 2/3rds absolute majority)
- What the commission does
 - o Initiation of legislation
 - Proposes new policies
 - o Implementation of EU law and policy
 - Works with national bureaucracies
 - can issue warning letters and take states to ECJ
 - o Manage EU finances
 - Plays a key role in drafting EU budget
 - o External relations
 - Oversees relationship with other IOs (e.g. UN and WTO)
 - Is an international trade negotiator
 - Vets applicant countries (to vet: überprüfen)

The two different European Councils

- There are the European Council and the Council of the European Union (aka Council of Ministers)

The European Council

- European heads of government set a general direction for Europe
- Tackle big problems and set broad goals
- Meets at least four times per year
- Since 2009 chaired by President of the European Council appointed by governments

- 2,5-year term renewable once
- Herman van Rompuy (2009–2014)
- Donald Tusk (2014–2019)
- Charles Michel (2019–)

The Council of the European Union / Council of Ministers

- In General
 - Represents national governments and headed by national government ministers
 - Ten Councils
 - ‘Configuration’ changes depending on topic under discussion
 - e.g. Ecofin, Foreign, Agriculture and Fisheries
 - Supported by Coreper (Committee of Permanent Representatives)
 - Chaired by six month rotating presidencies
 - Since November 2014 policies pass with support of 55% of MS representing 62% of EU population (except for some items requiring unanimity e.g. foreign and security policy)
 - Diplomatic and intergovernmental in nature, but increasingly behaves like a legislature
- How it works
 - First stage: work groups
 - examine text of Commission proposal
 - what initial agreements can be reached?
 - Report to COREPER (Comité des représentants permanents)
 - Second stage: COREPER decides
 - might simply confirm working group’s opinion
 - if disagreement: might refer to working group, resolve in COREPER, or pass up to the ministers
 - Third stage: ministerial level
 - Council may give approval without discussion
 - May require political decisions
 - consensus sought or may be put to a vote

European Parliament

- In General
 - 705 directly elected MEPs, representing citizens
 - National delegations proportional to size but small states overrepresented
 - Serves five year fixed terms
 - Multilingual
 - Meets in:
 - Brussels (committee meetings)
 - Luxembourg (secretariat offices)
 - Strasbourg (plenary sessions)
- Role of the EP
 - Supervisory
 - Approves appointment of Commission
 - Can ask questions of Council and Commission
 - Can censure and dismiss Commission

- Legislative
 - EP consent required for most policy proposals
 - Truly co-equal legislature with Council
- Budgetary
 - EP approval required before the budget can be accepted and implemented
- Organisation, structure and politics
 - Parliamentary Party Groups
 - National parties fight elections, but organise into ideologically similar groups in parliament
 - Groups have official status, have leadership roles, can allocate offices, and speaking time
 - Must have 25 MEPs representing a quarter of member states (7)
 - Committees
 - 20 standing committees
 - Membership of approximately 20-80 MEPs
 - Develop and discuss proposals/drafts (significant role for rapporteur)
 - Appointment by groups
- EP Memberships by Group

Abbrev.	Seats	Full Name	Ex. Party
EPP-ED	187	European People's Party	DE-CDU, HU-Fidesz
S&D	147	Progressive Alliance of Socialists & Democrats	DE-SPD, E-PSOE
Renew	98	Renew Europe	F-en marche, D-FDP
ID	76	Identity and Democracy Group	DE-AFD, I-LEGA
Greens/EFA	67	Greens/European Free Alliance	D-Grü
ECR	61	European Conservatives and Reformists	P-PiS
GUE/NGL	38	European United Left – Nordic Green Left	D-Linke
	30	Non-attached	

European Court of Justice (ECJ)

- In General
 - ECJ has played a very important role in European integration and in solidifying the role of EU law.
 - Court of Justice includes:
 - The European Court of Justice (1952) with 27 judges serving 6-year renewable terms and with 11 advocates general
 - The General Court (formerly the Court of First Instance) was Established in 1989 to ease caseload of ECJ
- Role of the ECJ
 - Constitutional court
 - Clarification of rights and obligations of EU institutions, member states, and citizens
 - Legislative watchdog: Judicial review of EU secondary law
 - Judicial review: Reviews legality of legislative and executive acts
 - Infringement cases: Resolve disputes between Commission and MS over implementation of EU law

- Preliminary rulings
 - der Europäische Gerichtshof entscheidet auf Vorlage oder Anrufung des Gerichtes eines Mitgliedstaates im Wege der Vorabentscheidung über die Auslegung des Vertrags über die EU
 - National courts can refer cases for preliminary judgements if they touch on aspects of EU law
 - Increasingly used and source of many of the Court's most important cases
- ECJ and the evolving EU law
 - EU law is unique among international law
 - in that it confers individual rights
 - individuals have standing before the court
 - EU law is supreme
 - EU law is directly effective
 - ECJ established “constitutionality”, supremacy and direct effect through case law
 - ECJ first ruled that founding treaties constitute a “constitutional charter” Parti Ecologiste ‘Le Verts’ vs. European Parliament (1986)
 - Established EU law as supreme in areas where it applies in Costa vs. ENEL (1964) (more in VL to ECJ)
 - Established direct effect in Van Gend en Loos (1963) and Francovich (1991)
 - Helped solidify Common Market through policy of mutual recognition and elimination of non-tariff barriers in Cassis de Dijon (1979)

Theories and the role of institutions

- Neofunctionalism/Supranationalism
 - Supranational actors, Commission & Court, important for understanding process of integration
 - Through spill overs can press integration forward (Liberal)
 - When the Benefits of one area Spill over to another area
 - this allows the national governments to see the Benefits of Integration
- Intergovernmentalism
 - Member states remain in control through the Council
 - Commission, Court and EP are less important for understanding process of integration
 - Intergovernmentalism emphasises member states (governments) in the European council
 - Intergovernmental conferences
- Comparative Institutionalism
 - Must look at rules to understand to role of actors and their influence
 - Comparative Institutionalism emphasises the interaction between institutions depending on decision-making rules
 - It looks at the rule how decisions are made
 - When are which institutions important?
 - less interested in the question why Integration happens
 - more interested in understanding why certain actors in certain situations have more influence or authority than others

VL5 Decision making processes

Steps in the EU Decision-Making Process

- Can the EU even decide?
 - The treaties must empower the EU to act in a specific area
→if they don't have the empowerment to act written in the treaty, they can't
 - The treaties spell out different decision-making processes for different areas
 - Therefore, the Commission must cite the relevant clause of the treaty that allows them to act in an area

- What rule to use?
 - Ordinary legislative procedure
 - Approximately 85% of all law
 - Both EP and Council can veto and amend (abändern) proposal
 - Special procedures
 - Agreement
No amendments, is used for international agreements
EP and Council can veto or agree on
 - Assent Procedure
For nominating Commission and certain policy area
(e.g. civil rights and discrimination)
 - Consultation Procedure
EP only issues advice (can't veto)
(e.g. police cooperation, family law, harmonisation of taxation)
for issues which touch national law
 - Open Method of Coordination
Where there is no legal basis for EU action, but member states want coordination

Ordinary Legislative Procedure (OLP)

- The Commission makes a Proposal
 - All proposals must start with a proposal from the Commission
 - But other actors (Parliament and Council) request a Commission proposal
 - Citizen's initiative from 1 mil. citizens from 25% of MS (only 5 successful resulting in a Commission proposal)
 - Before making a proposal, the Commission must make an impact assessment (economic, social, environmental)
 - Involves input from non-governmental actors through public consultations
 - Commission can vote on a proposal by simple majority

- National Parliaments
 - o National parliaments may trigger “early warning procedure” if they think that a proposal violates the principle of subsidiarity
 - o Committee of Regions, representing subnational governments, may also comment
- Stages of adaption of OLP acts per legislative term
 - o In the beginning many proposals went for a third reading in the Council
 - o Later they got much rarer because there are consultations before
 - Inter-institutional negotiations work outside of the official procedure
 - Trilogues: informal meetings between EP, Council and Commission can be organized at any stage

Types of EU law

- Regulations binding on all member states
- Directives set out goals, but it is up to the member states to implement
- Decisions binding on those addressed by the decision

Transposition / Implementation of the law

- If a directive, member-states must implement it
- Commission monitors compliance
- Commission can initiate infringement procedure if MS is non-compliant
- Case may end up at the ECJ

VL6 European Parliament, Parties and Elections

The European Parliament

In general

- Attributes of a typical legislative body
 - o Directly elected representatives
 - o Somehow organized in parties
 - o There are committees
- Attributes which are not typical
 - o Meets in two different locations
 - o Is multilingual
 - o There is little media coverage
- The EP has changed a lot over time
 - o Began as the ECSC common assembly which was not elected and not powerful
 - o Today it is co-equal with the Council in many EU law areas. It can block and change Legislation in most areas

Elections for the EP

- In general
 - o Since 1979 all 5 years
 - o Member states choose their own electoral system (all states use a form of proportional representation)
 - o Each member state gets a fixed number of MEPs based on its size, small states are overrepresented
 - o National parties select candidates and run campaigns
- Second-order national elections
 - o Second order: voters seem to give them less attention than national elections
 - o National: a party is mostly elected because of its positions regarding national Policies and EU issues are less important
- Low turnout
 - o turnout is lower, because European elections are not a priority to the voters
 - o turnout is higher in first-order elections (national elections)
 - o the turnout is lower every election and with more member states until 2019
- elections 2019
 - o most countries saw an increase in voter turnout
 - o which parties won?
 - greens, liberals and Eurosceptics won seats
 - parties on the pols were boosted on costs of the centre parties

- electoral behaviour
 - Many voters cast sincere votes because of the proportional system and because it is not too important for the people what goes on in the EU
 - they rather vote for who they really want to vote for than voting strategically
 - they might even vote expressive to show an opinion and send a message (like/dislike of the current national Government etc.)
 - this is especially true for countries which have more parties in the EP than in the national parliament
 - People might vote different in national vs European elections
- results of this electoral behaviour
 - Opposition and minor parties well-represented in EP
 - Some parties survive because they do well in EP (e.g. greens in GB)
 - both large Government and large opposition parties tend to underperform and lose seats
 - but Government parties are punished much more than opposition parties
- electorate system
 - In the EU, elections for the EP are more proportionate in most countries than in national elections
 - in EP elections there are more opportunities for small parties to win seats
 - smaller countries have less seats therefore it is more difficult to have a proportional system
 - in these countries national elections are often more proportional than EP elections

EP in the EU system

- In general
 - EU looks more like a separation-of-powers system.
 - The Commission does not rely upon the support of a majority in the EP to propose legislation.
 - Formation of ad-hoc legislative coalitions instead of built in coalitions
 - Potentially lower party discipline than parliamentary system
 - Politics largely driven by ideology (left/right, pro-anti EU) and not nationality
- European Political Groups
 - In general
 - Parties join with like-minded parties once in the EP to make European political groups (list on page 13)
 - Groups have official status, have leadership roles, can allocate offices, and speaking time (they organize politics in the parliament)
 - Must have 25 MEPs representing a quarter of member states (7)

- What do they do?
 - Organize EP calendar and structure through Conference of Chairs
 - Groups determine committee membership in EPs 20 standing committees
 - Determine Rapporteurs
 - Allocate speaking time
 - Provide direction on votes
- Nature of political groups
 - Political groups are highly cohesive
 - ➔ But may be simply because national parties largely agree
 - When national parties and political groups disagree, MEPs usually vote with national party
 - But EP group cohesion much higher than national cohesion
 - ➔ ideology matters more than country
- National Parties
 - Organize elections, mobilize voters, choose candidates
 - Organize politics in the parliament
 - When national parties and political groups disagree, MEPs usually vote with national party
 - This suggests, that most of the power lies with the national parties and not with the political groups

Summary

- In many ways the EP operates like a regular parliament
 - But many ways in which EP differs
- Political groups do not organize elections and no European campaign
- Indeed, most voters do not know to what political group their party belongs
 - Here a democracy deficit can be noticed
 - May allow national parties to coalesce with parties that they would never cooperate with at home
 - E.g. collaboration between German CDU and Hungarian fidesz even though the CDU wouldn't collaborate with the German AfD even though fidesz and AfD have similar positions

VL7 the European Court of Justice

The role of Courts in democratic political systems

- Parliamentary systems
 - o parliaments are supreme
 - o Unelected judges should not be able to overturn decisions of sovereign parliament
- Civil law systems
 - o judges are supposed to follow code
 - o Rulings do not set formal precedent
 - o Judges are arbiters and interpreters of code, not lawmakers
- US Supreme Court
 - o Has the power of constitutional review, can declare law unconstitutional
 - o Created this right for itself
 - o Made rulings that desegregated the school system; made abortion legal
 - o Much more powerful than most (but not all) European counterparts
- Variation in Power of Courts
 - o When it harder for the political system to overturn court's rulings, courts have more power
 - o Courts tend to have more power in federal, separation-of-powers systems
 - Institutionalised "veto players" mean it is harder to overturn judicial decisions politically
 - Disputes about powers of government at different levels

The ECJ in general

- A powerful, independent court playing a significant role in EU integration
- An important driver and protector of the European Single Market
 - o Exercises judicial review of EU treaties
- Made important rulings in 1960's and 70's when national-led Integration had stopped
- More powerful than many member state national courts
- An international court that acts like a national court
 - o Citizens have standing before the court
 - o Citizens can rely on EU law and ECJ decisions apply to them
- ECJ has 27 judges serving 6-year renewable terms, 11 advocates general

The General Court

- Was established in 1989 to ease caseload of ECJ

Competences of the ECJ

- Can make decisions on three types of law:
- **Primary Acts:** treaty law
- **Secondary Acts:** legislation
- **General Principles**
 - o Principles of administrative and legislative legality: legal certainty, proportionality, procedural fairness.
 - o Economic freedoms
 - o Fundamental human rights
 - o Political rights

3 ways cases can arrive at the ECJ

- **Actions for Annulment**
 - o EU institutions (MS, EP, Council, COM) can bring cases if they believe an EU institution has not acted in accordance to EU law
- **Infringement Proceedings**
 - o Commission can bring case against member state for failing to fulfil an obligation under EU law
 - o Formal notices have been decreasing
 - o Most cases are resolved after the notice and never really go to court
 - o The old EU countries use this procedure more than new ones
- **Preliminary Ruling Procedure**
 - o National judges may refer a case to the ECJ for an opinion if the case touches on EU law
 - o The national judges have more power if the ECJ is supporting them
 - o Since the treaty of Rome there has been a steady increase in cases
 - Explains why the caseload has risen so substantially
 - Germany, Italy and Spain use this procedure frequently

Constitutionalizing of EU law

- Court has been tremendously important in the constitutionalizing of EU law
- It has increased its power, often against the will of the member states
- Direct effect:
 - o EU citizens have rights under EU law that must be upheld by national courts
 - o E.g. Francovich (1991)
- Supremacy:
 - o When there is a conflict between national law and EU law, EU law trumps national law. Only holds in areas where EU law applies.
 - o E.g. Costa (1964)

Important cases at the ECJ

Francovich vs. Italy 1991

- Italy fails to implement directive requiring full payment of employees' salary in the case of firm bankruptcy.
 - o Commission brings infringement case; Italy takes no action.
- Employees of a bankrupt Italian firm bring a case before an Italian court arguing that their EU rights have been violated.
 - o Italian court requests ECJ preliminary ruling.
- ECJ rules that directive did not technically have direct effect. However, governments are liable to compensate individuals for losses resulting from the non-implementation, even if the national legal systems do not permit such liability, under 3 conditions
 - o Directive confers rights on individuals.
 - o Rights must be identifiable from the provisions of the directive.
 - o Causal link exists between the breach of EU obligations by the national government and the loss suffered by the individual.
 - the 3 conditions were given
 - precedent (Präzedenzfall)

Costa vs ENEL 1964

- Mr. Costa opposed nationalization of energy firm ENEL. Refused to pay his electricity bill, brought a case against ENEL and Italian government.
 - o Nationalization was illegal under EU law
- Arrives at ECJ through preliminary ruling procedure. Costa argued that nationalization infringed on EC law by distorting the market.
- Italian court ruled that while Italy could transfer sovereignty to EU, subsequent law (nationalization) trumped prior law (Treaty of Rome).
 - o New law has the last say and trumps old law
 - o But EU law can trump national law

→ECJ ruled that Costa had no standing to challenge nationalization because this area of the treaty did not have direct effect. Instead member states are addressed

Cassis de Dijon (1979)

- ECJ has had tremendous impact on the establishment of the common market, arguing supremacy and direct effect, in cases that arrive through the preliminary ruling procedure.
- Elimination of both tariff and non-tariff barriers to trade.
- Established policy of mutual recognition
 - o if a good is sold in one country it should be recognized in the same way in other countries
- Imported to Germany, but alcohol content too low to be considered liqueur. Bundesmonopolverwaltung für Branntwein banned it.

- ECJ ruled that to promote trade and eliminate “non-tariff barriers” member states must apply the principle of “mutual recognition.”
 - o if creme de cassis can be sold as Liquor in France it should be possible to sell it as liquor in Germany as well
 - o this was a non-tariff barrier which threatened the common market

Why did member states allow the ECJ to take these powers?

- Different time horizons: politicians have shorter time horizons than judges.
- ECJ can rule problems between member states and some states like that
 - o Court rules in favour of the member state, but in doing so, increases its power
- Courts are likely to rule against member states when
 - o precedent is on their side.
 - o states are more likely to abide by that ruling; domestic costs to adhere to decision are low.
 - o member states cannot agree to overturn the decision.
- National governments are more likely to abide (einhalten) by a decision if
 - o the decision is less costly for governments domestically.
 - o they stand alone in their objection to the court’s ruling.

Summary

- ECJ has had a tremendous impact on EU integration.
- Court decisions are political, and courts are strategic actors.
- Able to press integration forward even when member states oppose more power for the courts.

VL8 EU public opinion

What is “Public Opinion”?

- An aggregation of opinions held by citizens on public matters
- Usually revealed and published by scientific opinion polls
 - o characterized by a sample that seeks to reflect the population from which it is drawn
 - o best achieved by randomisation

Permissive Consensus

- In early days, scholars believed a “permissive consensus” towards European integration existed in the public
 - o A generally favourable prevailing attitude towards integration, but low salience issue. People have “non-attitudes”
- Citizens generally care less and know less about international affairs
 - o realm of diplomats and elites
- Citizens do not know much about the EU and allow governments to make decisions on their behalf.
- This disappears with Treaty on European Union/Maastricht in the mid-1990s
 - o at this point the EU took many new positions and started to affect people’s lives (e.g. common currency)

Results from the EUROBAROMETER

- Do you think your country’s membership of the EU is a good / a bad thing?
Data based on the EU as a whole
 - o a big dip in support for the EU because of the financial crisis
 - o since then numbers have climbed and are very high in comparison to the past.
This might be because of the Brexit
- Data based on the countries
 - o big variation can be noticed
 - high support in Luxemburg, Netherlands and Ireland
 - low support in CZ, IT, HR
 - o UK
 - largest number of people who say it is a bad thing
 - but a lot of people think it is a good thing
 - here more people supported the EU
- If a referendum on EU membership were held tomorrow would you vote leave or remain?
 - o most member states wouldn't leave the EU
 - o GB clearly with the highest value to wanting to leave the EU with a referendum (37%)

- Voter Information on EU politics
 - many EU citizens do not have a lot of information regarding the EU
 - they have less information on EU politics than on domestic/national politics
 - e.g. only 42% knew who the EU commission president was
- voters don't have that much information to base their opinion on

Political information

- High information voters:
 - Conceive of politics in terms of coherent ideology
 - they know how different Policies and Policy outcomes fit together
 - Hold stable preferences
 - Take cues from political elites (they know who supports which policies)
 - Low information voters:
 - Don't hold preferences coherent with an ideology
 - Preferences may be unstable
 - Less likely to take cues from political elites
- Information shapes the way people perceive politics and answer survey questions

3 Explanations why people support the EU

- **Instrumental/Utilitarian Explanations**
 - People who perceive (economic) benefits support integration
 - Some people are more likely to benefit from integration and globalization in general than others
 - Highly educated, wealthy, white collar workers more likely to benefit
 - Working class, less educated less likely to benefit
 - But these assumptions may be differences across countries
 - Free trade does not benefit everyone equally; there are winners and losers.
 - Workers in countries where labour is cheap and abundant may benefit
 - Workers in countries where labour is expensive may face more competition
 - All people employed in uncompetitive industries may lose
 - Brexit
 - Brexit was not about immigrants but rather about competition coming from globalization -> This is a utilitarian argument
- **Cultural/Identity Explanations**
 - Regardless of whether they personally benefit or not, people may feel more of less attached to their nation or Europe (question in EUROBAROMETER)
 - Some people hold "internationalist" attitudes while others do not
 - Again, relates to education, class, wealth
 - Feelings towards immigration, others
 - Support for immigration, liberal values

- **Political explanations**
 - Political Benchmarking (Comparison with national governments)
 - Evaluation on Regime (government competence) and Evaluation on Policies (do you like the Policies on EU/national Level?)
 - Loyal support (++), Policy scepticism (+-), regime scepticism (-+), Exit scepticism (--)
 - voters support EU Policies more than the national one and they prefer the national Regime over the EU Regime. This is consistent over time but different over countries
 - countries with high unemployment
 - people tend to like the EU Regime and Policies more compared to the national one (countries in southern Europe)
 - countries with low unemployment
 - people tend to like the EU Policies but not the EU Regime compared to the national one (countries in northern Europe)
 - e.g. Scandinavia view their national Regime better than the one from the EU, but they are favourable to EU Policies
 - Partisan Cueing (Cueing off parties)
 - Knowledgeable voters take cues from political elites.
 - Centrist parties generally more favourable towards Europe than extreme parties

Public Opinion and the Corona Crisis

- Could exacerbate “North/South” divide in public opinion, drive support for EU down even further in Italy and could increase nationalism over Europeanism

Is there a democratic deficit in the EU?

- Represents an increase in executive power vis-a-vis parliamentary control
 - Who cares! National parliaments don't have much power anyway, and governments are already responsible to them.
- European Parliament is too weak
 - It has been significantly strengthened in recent times
- No ‘European’ elections / chain of delegation
 - Do voters vote rationally on anything?
 - Conflict in EP looks increasingly like conflict at the national levels (driven by ideology)
- The EU is ‘too distant’ from voters
 - Agreed, but the EU tends to do boring things that are unlikely to get voters excited (e.g. trade policy/regulation)
- Policy drift from voters’ ideal policy preferences
 - Yes, it's a system of checks and balances that makes change hard.

VL9 Interest Group Politics

Interest groups in general

- Often “special interest” simply means that it’s someone else’s interest and not your own
- Different groups have different interests that they would like to see represented in politics
- Different paths to access politics for different groups in various political systems

Two types of politics to interfere

- Distributive politics
 - o get more money for your group (e.g. farmers)
 - o less common in the EU because the EU has a relatively small budget compared to the member states
- Regulatory politics
 - o influence regulatory policy
 - o more common in the EU

two paths to political influence

- Through electoral politics
 - o Elections are blunt instruments. Parties represent many interests and stand for many policies
 - o Parties may deviate from electoral positions after elections
 - o The party that you support may lose
- After elections
 - o Lobbying on specific policy, regardless of party(ies) in power
 - o Less attached to ideology, perhaps less politicized

Collective action problem

- Everyone benefits from a specific, costly action (e.g. lobbying)
 - o But individuals can free-ride off actions of other. They gain benefits without actually paying the costs
 - o Incentive is to let others pay the cost, while you get the benefits. This is called “free riding”
 - o If everyone free-rides, the “good” does not get provided and benefits get lost
 - o Goods are provided if free-riding can be prevented (e.g. in small groups where monitoring happens)
- Groups which can easily overcome this problem usually have
 - o Concentrated benefits in a small group
 - o Costs are spread diffuse or widely
 - o E.g. in the agriculture sector

- The case of agriculture
 - Farmers are a relatively small group within the population
 - They stand to benefit greatly from subsidies, price controls
 - Consumers pay a little bit extra for groceries because of farmers' successful lobbying. But small enough that they do not notice; do not care enough to lobby to prevent bad outcome

Two Systems of interest Representation

- Corporatism
 - Limited number of interest groups have privileged position in policy-making;
 - e.g. labour unions and employer organizations have official seat at table when negotiating social and economic policy.
 - Great for those at the table; bad for those who are not
 - E.g. Switzerland
- Pluralism
 - Many interest groups compete to have voices heard by policy-makers.
 - None are officially privileged.
 - E.g. Great Britain
- The EU is more pluralist than corporatist

Lobbying in the EU

- Many access points
 - Commission
 - European Parliament (committees, rapporteurs)
 - National delegations
- But contains corporatist elements
 - European Economic Social Committee
 - Committee of Regions
 - Social Dialogue consisting of "Business Europe", European Trade Union Confederation and other 'social partners'

Lobbying and Agenda Setting

- Inside vs outside lobbying
 - Inside lobbying means applying pressure through political system
 - Outside lobbying refers to applying pressure outside the system, e.g. protest.
- Agenda-setting
 - pressure the Commission to put something on the agenda
- Important to have success
 - Pick an effective issue frame
 - Have the right timing. Events may create policy windows that might not otherwise have existed

Is Lobbying Democratic?

- There is nothing inherently undemocratic about lobbying. Rather it's about getting voices heard on specific issues
- It can improve policy and decision-making
- Lobbyists may advocate positions shared by large numbers of citizens. But if process is opaque and not all have access, it can skew outcomes, perhaps in undemocratic ways

VL10 EU Policies

EU involvement in Policy Areas

(Almost) Exclusive EU	Strong EU Involvement	Weak EU Involvement	(Almost) Exclusive Mem State
External Trade	Environment	Social Policy	Education
Competition Policy	Regional Policy	Foreign Policy	Housing
Agriculture	Occup. health & safety	Defence	Crime
Fisheries	Internal Market	Taxation	Culture
Euro	Tobacco Control	Healthcare	
	Cross-border crime	Spatial planning	
	Development aid		
	Transport		
	Research and Development		

EU Budget

- Where the money does NOT come from:
 - o The EU cannot impose its own taxes!
 - o The EU cannot borrow to cover budget deficits! It cannot run a deficit
- Where the money does come from:
 - o 75% of Customs and agricultural duties levied on imports into the EU ("Traditional Own Resources")
 - o Member state contributions based on VAT (Value Added Tax)
 - o Member state contributions based on GDP. This is the biggest source of revenue 76%
 - States with biggest economies pay more
- Which countries are contributors, and which are recipients?
 - o GER, UK, FR, IT, NL, SWE, Ö, DEN, FIN, IRE (declining)
 - o NL biggest contributor per capita
 - o The others are recipients regarding the budget
 - But that does not mean, that the contributors do not profit from the EU
- Budget debates
 - o The old beneficiaries (Mediterranean) turned to contributors while other states now are the beneficiaries (central & Eastern Europe)

- States like GER or FR receive a lot money because of the agriculture
- All 7 years the budget framework is negotiated
 - At the moment they are talking about the hole that the UK leaves with Brexit and how it should be filled
 - every year the annual budget is negotiated within this framework
- Redistributive Policies
 - Redistributive policies are those that directly transfer funds from one group or country to another
 - EU budget is small compared with member states, capped at roughly 1% of EU GDP
 - MS budgets, in contrast, average approximately 47% of GDP
 - There is simply not that much money to redistribute but EU does not pay for things that MS do, e.g.:
 - No EU unemployment insurance
 - No EU social insurance or welfare state
 - No EU police or fire services
 - No EU subsidised housing
 - No EU hospitals etc.
- EU Budget 2016
 - The EU spends money in three mayor areas:
 - Competitiveness for growth and jobs: 12.26%
 - Large infrastructure projects
 - Research and innovation
 - Competitiveness of small and medium-size enterprises
 - Education, training and sport (Erasmus, Socrates)
 - Economic, social and territorial cohesion (Structural Funds): 32.79%
 - Regional convergence (support for poorer and remote regions)
 - Sustainable growth: natural resources: 40.31%
 - European agricultural guarantee fund
 - European agricultural fund for rural development
 - European maritime and fisheries fund

➔ is the single larges spending of the EU

Overall importance of agriculture

- Special economic nature
 - Production & price fluctuations
 - Import dependence undesirable (national security)
- Special cultural and health importance
 - Desirability of farmland
 - Health and safety
 - Key element of culture and identity
- Special political nature
 - Some countries benefit (FR, DE, IRL, ES)
 - Organisational strength of farmers
 - Electoral weight of farmers

CAP (common agricultural policy)

- Paradoxes of the CAP
 - Agriculture account for less than 5% of EU workforce but more than 40% of EU budget
 - One of the most integrated policies but for very long not subject to full EP control
 - Created as a common market but not subject to liberal market rules (e.g. subsidies)
 - Has undergone several reforms still has features of a planned economy
- Why is the CAP so essential to the EU?
 - Secure food supplies required in wake of WWII.
 - People were starving and there had to be a way to ensure food supplies.
 - It was seen as vital for peace and security.
 - Played key role in history of integration and empty chair crisis
- Key objectives of the CAP
 - Increase agricultural productivity
 - Ensure fair living standard for farmers
 - Stabilize markets
 - Ensure availability of supply
 - Ensure supply reaches consumers at reasonable prices
- Key elements of the CAP system
 - In general the CAP has changed a lot over time
 - single market with price supports Protection of EU market
 - Tariffs on imports
 - Separate agreements with countries to allow imports of selected goods.
 - Before Lisbon, community method of decision-making
 - Iron triangle of agriculture interests
 - ➔ Agriculture Commissioner, ministers, farmers
 - Less input for EP historically
- The original price support system
 - The policy:
 - Set guaranteed prices by buying surplus goods
 - Protection against low import prices through import quotas and levies
 - Subsidies on exported goods as protection against low world prices
 - The problems:
 - Overproduction: wine lakes and grain mountains
 - Disproportional advantage to large farms
 - Little control over spending on CAP due to global price fluctuations
 - Decouples production from consumer preferences
 - Hurts consumers through higher prices
 - Hurts producers in developing world
 - Anti-free trade

- CAP reforms
 - Pressures to reform CAP
 - Market imbalances
 - Increasing share of EU budget
 - International dissatisfaction
 - Desire to promote environmental protection
 - Enlargement
 - Reforms (1992, 1999, 2003, 2008, 2013)
 - Movement away from guaranteed high prices
 - Income support for farmers decoupled from production (based on age, farming measures, farm size)
 - ➔ Prioritising young, ecological and big farms
 - New focus on rural development and resource protection
- Regional and structural funds
 - 1957: Treaty of Rome states intention to reduce regional inequalities
 - 1975: European Regional Development Fund (ERDF) established
 - 1993: Cohesion fund established to help poorer countries in joining EMU
 - 1988 & 1999: Reforms to ERDF
 - create better cooperation with national and regional governments (led to creation of “regions” in some countries)
 - support for transitional regions no longer meeting eligibility criteria
- 4 Principles for funding by the commission
 - Additionality: monies must not substitute or replace national spending. EU wants to avoid, that the MS stop investing
 - Partnership: must involve local or regional actors
 - Programming: multi-annual programmes instead of projects
 - Concentration: focus on areas that need assistance
- Political reasons for regional policy
 - Compensate for uneven CAP distribution
 - Compensate for effects of Single European Market
 - European solidarity
 - General facilitation of intergovernmental deals
- Regional policy and EU expansion
 - Expansion to CEEC meant shifting of resources
 - Pre-accession aid given to prospective members to facilitate adaptation to single market, EMU and EU law
 - Structural funding changes due to ‘statistical effects’
 - Funding depends on relative structural/economic weakness of region (< 75% of EU average GDP per capita)
 - Many regions in older member states no longer eligible once new members joined

Regulatory policies

- Making regulations which facilitate the single market. With this tool the EU can have a big impact without redistributing
- These following tools avoid a race to the bottom (sets standards) and reflect the changing policy preferences among voters (e.g. voters become more environmentally friendly)
- Deregulation
 - o abolition of national-level regulations that hinder free exchange of goods, services, etc
 - e.g. labelling requirement, restrictions on sales
- Reregulation
 - o Establishment of new rules creating European-level standards that supersede national standards to ensure free market, fair competition
 - Health and safety
 - Product quality
 - Environmental
 - Equality of opportunity

Environmental policies

- The treaties do not define the environment as a core competence of the EU
 - o But they do have competences in transport and the common market etc.
- Regulations in
 - o Water use, air, noise pollution
 - o Carbon emission, standards for automobile producers
 - o Use, storage, handling of hazardous materials
 - o Recycling and eco-labeling

Social policies

- In Working conditions
 - o Sets maximum working hours
 - o Rules on overtime pay
 - o Holidays
 - o Maternity
- Anti-discrimination policies
 - o Sets standards for equality in the workplace
 - o Prohibition on discrimination on the basis of religion, disability, age, sexual orientation
- These are all regulations for the single market and the economy

Who has to follow these regulations?

- Every MS of the EU
- Any country wanting access to single market must follow regulations
 - o E.g. Switzerland
- Concerns about “level playing field”
- Regulations are costly, but provide a social good. Everyone must pay the costs.

VL11 Economic and monetary union EMU

Why would countries want to form a currency union? There are 2 reasons

- Economic reasons
 - o Reduce uncertainty caused by exchange rate fluctuations
 - o Reduce transaction costs, bank fees
 - o Lower interest rates (potentially). Some countries seem more trustful to investors and can borrow money cheaper
- Political reasons
 - o Money as a Symbol of political unity & “statehood”
 - o May lead people to think as “Europeans”
 - o Greater clout (Schlagkraft) in global economy, competitor to the US Dollar

Optimal currency area (OCA)

- Concept developed by economist Robert Mundell (1961)
- An OCA is a geographic area for which having a single currency brings the most economic benefit
 - o Need to balance “economies of scale” with the effectiveness of using macroeconomic policy to promote growth and stability
 - o Trade-off between economy of scale and having your own macroeconomic policy
- OCAs requires 4 things:
 - o Free movement of labour:
 - unemployed in recession state can move to high growth state.
 - o Capital mobility and wage (Lohn) and price flexibility
 - **Wage flexibility/capital mobility:** recession states can reduce wages and attract capital from high wage areas.
 - **Fiscal transfers and budget deficits:** tax booming economy, transfer revenues to recession area. Run a budget deficit to meet economic demands (maybe only a temporary option).
 - o Risk sharing and fiscal transfers from higher performing regions to lower performing
 - This happens within federal states all the time
 - o Similar business cycles to allow for uniform monetary policy (required in an OCA)
- Why do OCAs require them?
 - o Imagine two states, and one has a recession. When recession hits, the state has two options:
 - 1) Use monetary policy to devalue currency. This makes labour and exports cheaper to other states but imports more expensive
 - 2) Decrease wages and increase labour mobility between states.
 - o If the second option is less costly than the first, states should form a monetary union. There is no need to control your own monetary policy in the second option (Monetary union).

- The second option is attractive, when the following things are a given:
 - Labour mobility, wage and capital mobility and fiscal transfers
- In the long run, all states have to decide whether to chose option one or two
 - States will usually choose the option which is less politically costly

What are states giving up, when they join a monetary union

- They are giving up the ability to do your own monetary policy
 - States respond to the economy by adjusting interest rates.
 - When the economy is going strong, state raises interest rates to prevent economy from overheating.
 - Removes currency from the market and makes money more expensive.
 - When the economy is weak, state can lower interest rates, putting more money into the economy, causing currency value to fall.
 - In monetary union, the option of raising and lowering interest rates no longer available.
 - This is done by one central institution
 - Problematic if one region experiences a boom while another experiences a bust.

OCA: USA vs EU

- Which one is the optimal currency area?
 - USA
 - high wage flexibility
 - high labour & capital mobility
 - build-in federal transfers via federal social programs
 - EU:
 - Less wage flexibility; higher labour market rigidities
 - lower labour mobility (de facto, not de jure/ by law); but capital is mobile
 - discrimination by nations/areas, language-barriers etc.
 - few build-in transfers (distributive policies)
- The EU is less of an optimal currency area than the US is

EMU timetable

- Early attempts to link currencies and set exchange rates don't work
- 1985: EMU set a goal
- 1989: Specification of a plan (Delors Report)
 - Free movement of capital
 - independent central banks
 - Meeting convergence criteria
 - Reducing the economic gaps between the rich and poor economies
 - coordination of economic policies
 - These measures would lead to fixed exchange rates and the creation of ECB

- 1992: timetabling and technicalities of EMU (treaty of Maastricht)
 - o Introduction of currency no later than 1999
 - o Convergence criteria set:
 - Stable prices, solid public finances (stable budget, relatively low debts and deficits), stable exchange rates, low interest rates
 - Countries which could fit these criteria could join the common currency
 - o Establishment of ECB 1st June 1998
- 1997: Stability and Growth Pact
 - o Allowed the commission to monitoring and sanctioning of government budgets to assure stability of European currency
 - o Debt capped (shouldn't be over) at 60% of GDP; Budget deficit no greater than 3%
- 1999: stage III automatically in force
 - o Criteria had to be loosened to admit Belgium and Italy
 - o Greece not admitted but joined later in 2001
 - o Denmark and UK decided not to join EMU at its launch
 - Denmark and Sweden hold referenda (2000, 2003), voters reject participation
- 2002: Introduction of physical notes and coins

Problems after the EMU was launched

- Stability and Growth Pact broken by Germany and France running budget deficits (greater than 3%)
 - o Questioned the value of this act
- Public opinion mixed at best — Germans complain of the “teuro”
 - o No evidence for price inflation but e.g. restaurants could raise their prices because they had to reprint their menus anyway

The economic crisis 2008

- Economic problems in the member states (property bubbles)
- Financial crisis and Budget deficits: Greece, Ireland, Spain, Portugal, Italy
 - o Greece: With the Euro it was easier to borrow money for the state and individuals. This led to a large amount of debt. It became due and unsustainable in the crisis
 - o Spain and Ireland: had been doing very well, but there were property market bubbles. Many houses were built, and the property market crashed.
 - o Italy: had a Budget problem. They accumulated a huge amount of debts in the 1980/90s. That caused significant problems in the crisis.
- The EU struggles to find a solution to this problem
 - o Support packages
 - 2010: European Financial Stability Facility (EFSF)
 - 2012: European Stability Mechanism (ESM)
 - ➔ ESM: formalized structure to how to get a loan)

- But support conditional on policies particularly unpopular in economically hard times; conditionality
- Countries receiving funds must agree to undergo financial “restructuring”
 - Examples for Policies: <https://www.esm.europa.eu/assistance/programme-database/conditionality>
- 2012: European Fiscal Compact
 - Embeds ESM in treaties
 - Strengthens conditions in the original Stability and Growth Pact
- Conflict between governments and different views on economic policymaking become highly visible
 - Primarily a fight between north and south (GER, NL vs ITA, GRE)
 - GER & NL saw themselves as the ones helping
 - ITA & GRE thought they were punished too hard

Effects of the economic crisis

- Possibly led to increase in populist sentiment in southern Europe
 - GRE: ceriza, ESP: Podemos/VOX, ITA: cique stelle
 - Negative towards the EU
 - Public support for the EU and European integration has collapsed in Italy, ITA was a mayor supporter of the EU before the crisis and immigration crisis 2015
- Public support for the EU and integration has collapsed in Italy Likely exacerbated reactions with regard to immigration Blamed for exacerbating tensions that led to Brexit vote

COVID-19 Crisis

- What is the right tool in the current situation?
 - Is the ESM the relevant tool to loan money? Conditionality may not be appropriate in current climate
 - Crisis is not caused by states’ reckless spending or poor budgetary politics.
 - Conditionality is meant to ensure that states do not recklessly spend
- Decision-Making in this crisis
 - Member states take over in times of crisis.
 - Commission unsure of what actions to take, or would it could do based upon the treaties
 - Member states make decisions at Council meeting and then define a role for the Commission to play in overseeing how programs are carried out.

VL12 EU Enlargement and Neighbourhood Policy

History of EU enlargement

- Beginning with six member states: GER; FRA; ITA; BEL, NL, LUX
 - o Treaty of Rome
- 1973: UK, Denmark, Ireland
 - o France no longer was in opposition to the UK (because Charles de Gaulle passed away)
- 1981: Greece
 - o Emerged from authoritarian rule: had a military regime
- 1986: Spain and Portugal
 - o Emerged from authoritarian rule: dictatorship under Franco and Salazar
- 1995: Austria, Sweden, Finland
 - o Wealthy and similar to the existing member states
- 2004: Poland, Czechia, Slovakia, Slovenia, Hungary, Estonia, Latvia, Lithuania, Malta, Cyprus
 - o Big enlargement round: Post-Communist countries & Malta and Cyprus
- 2007: Bulgaria and Romania
 - o Post-Communist countries
- 2013: Croatia
 - o Former Yugoslavia

Current and Potential Candidate Countries

- **Albania:** candidate status 2014
- **Republic of North Macedonia:** candidate since 2005 (name-fight with Greece)
- **Montenegro:** candidate since 2010
- **Serbia:** candidate since 2012
- **Turkey:** candidate since 1999 (application in 1987)
 - o Desired MS very long, now it is less clear if they really want it with regime changes
 - o Likelihood of MS extremely low
- **Bosnia and Herzegovina:** application submitted in 2016
- **Kosovo:** Stabilization and Association Agreement entered into force in 2016

Questions with European enlargement

- Does the prospect of membership encourage democratization?
- Does widening impede or encourage deepening?
- What about democratic backsliding after getting the membership (POL & HUN)?
- Calls for a multispeed Europe?
 - o Maybe different rules and laws should apply for different countries
 - Maybe some MS are not ready to adapt the rules yet
 - o Maybe some MS don't want to adapt certain laws (e.g. currency)

Why does the EU want to enlarge?

- Include similar states and expand market
 - o E.g. enlargement with AUS, FIN with similar economies
- Promote democracy, security and rule of law across Europe
 - o By offering states to participate (if they get democratic) the EU has the power to enforce democratization (not as easy as it sounds)
- Increase global influence

Why wouldn't the EU enlarge?

- Impede decision-making, undermine deepening
 - o Strives for unanimous decisions, but this becomes more difficult with more players
 - o Instead the EU revised the treaties to avoid blocking from MS (e.g. reducing the size of the commission)
- New member-states not ready
 - o May not be able to take on the demands and the competition in the market or may not be as democratic
 - o Candidate countries are tested to see if they are ready
- Dilute influence of existing member states
 - o E.g. France saw itself as the center, but with more countries this becomes more difficult and less likely
 - o States in the east usually have better ties to GER

Which states are PRO expansion?

- States with geographic proximity and ties to new states.
 - o Germany has supported accession of central European states.
 - o Scandinavians have supported the Baltic countries.
 - o Greece supported Cyprus (CYP had to agree with Turkey in order to join)
- Those who wish to undermine deepening
 - o UK wanted the EU to be an economic and less of a political institution

Which states are CONTRA expansion?

- States that will lose money as a result.
 - o France sceptical of enlargement to Greece, Spain, and Portugal because of the agriculture.
 - These countries would receive a lot of money under the CAP agreement of which France received a lot.
 - And these countries produced the same Mediterranean crops as FRA
 - o Ireland, Spain, Portugal sceptical of eastern enlargement.
 - States which received a lot of structural funds feared, that the eastern countries would receive them instead of them.
- States that are likely to lose influence.
- Those who feel it will undermine deepening.
 - o For this they changed the treaties (e.g. for the 2004 enlargement with the treaty of Amsterdam & Nice

Reasons to join for an applicant country

- Wish to join the rich nations club (international recognition and prestige)
- “Good Housekeeping” seal of approval
 - o rating of consumer products in the US analogy:
 - o states wanted the good ratings to get better chances of foreign investors
- Cheaper borrowing costs, economic stability
 - o Happened to states who joined, others also wanted these benefits
 - o E.g. Slovakia borrowing costs dropped with every step of integration after negotiations started. This was a sign that the EU took the application seriously.

Reasons to refuse to join the EU

- Norway, Switzerland and Iceland
- Fear of losing sovereignty
- Desire to maintain monetary (and fiscal) independence
- Sectors important to the countries Fisheries (Iceland and Norway), oil (Norway), banking (Switzerland)
- These countries didn’t need this international approval as much as the post-communist countries. CH might even have a better reputation outside of the EU

Eastern Enlargement: 10 + 2

- Countries emerged from communist dictatorships
- Almost all poorer than the poorest EU15 country (Ireland)
- Require much support to bring infrastructure and agriculture in line with EU standards
 - o Agriculture very important regarding the budget
 - o These countries had a lot of agriculture, but it was quite inefficient
 - o EU had to invest a lot and took a risk in enlarging

The Copenhagen Criteria (1993)

- Criteria for the applicant countries and the EU
- Achieve “stability of institutions guaranteeing democracy, the rule of law, human rights, and respect for and protection of minorities...”
 - o Was a big issue because there were a lot of minorities in these countries which faced discrimination over a long period of time
 - o It was questioned if they could meet these requirements (still a problem today)
- “Existence of a functioning market economy as well as the capacity to cope with competitive forces within the Union.”
 - o Market economy had to be approved in these countries
- “adherence to aims of political, economic, and monetary union.”
- “The union’s capacity to absorb new members, while maintaining the momentum of European integration, is also an important consideration in the general interest of both the Union and the candidate countries.”
 - o They needed to reform their own institution in order to integrate the new MS

Transition Agreements to make integration work

- CAP funding phased in over time.
 - o In return non-nationals cannot buy agricultural land in CEECs for 7 years.
 - o E.g. Poland was concerned, that GER would come and buy all the land
- More time to implement certain environment directives, and ease state subsidies.
- EU-15 member states allowed 5 years transition agreement for free movement of people.

Possible negative consequences of these transition agreements

- Conditions for entry set high, but difficult to punish once in.
- Very blunt mechanisms for punishment.
- Difficult to impose sanctions due to unanimity in the Council.
- States can backslide.
 - o <https://www.nytimes.com/2019/11/03/world/europe/eu-farm-subsidy-hungary.html>

Enlargement and the rule of law

- EU laws do not apply in transition countries as they do in EU-15 member states because they were written by the western EU15 countries
- But new countries must implement them regardless
- Citizens may not take these laws seriously
 - o States learn that they can ignore law this cheapens the meaning of law
- EU law does not “work” in same way in new member states as it does in the old ones
- Countries with the highest average labour mortality rate have the least court cases
 - o Either the countries don’t know they have these rights, or they simply think that they make no sense to them
 - o Many potential cases don’t make it to court because law works differently there

Switzerland and the EU

- First entered a free trade agreement with the EEC (European Economic Community)
- 1973 Negotiated and signed agreement on European Economic Area in 1992; submitted application for EU membership
- Referendum on 6 December 1992 rejected EEA membership 50.3% to 49.7%; Swiss suspend application and withdraw it in 2016
- Join Schengen following referendum in 2005

What happened after the Referendum 1992

- Following the 1992 referendum, Switzerland and the EU negotiate a series of bilateral treaties (bilateral I and bilateral II) over a hundred treaties which make up the bilateral I & II
- These treaties cover most aspects of the EEA and effectively make Switzerland an EEA member, and must be constantly updated

- Treaties contain a “guillotine” clause: if any one treaty (or part of a treaty) ceases to hold, all agreements come to an end
- In theory, Switzerland could not implement required EU regulations, but that would amount to ending the entire agreement.
- In practice, Switzerland-EU governed by “autonomer Nachvollzug” (voluntary adoption, voluntary alignment).

Ongoing Questions and Negotiations

- Swiss-EU Framework Agreement (Rahmenabkommen)
- Creates “dynamic adaptation” of EU law into Swiss law
- Yet to be passed – opposition from both right (SVP) and left (trade unions)
- No further renegotiations of bilateral treaties until framework agreement is done
- “Begrenzungsinitiative” if passed, would violate free movement and one of the core bilaterals

Example Essay Questions

- 1) What role do national governments play in European integration according to supranational theories of integration?
- 2) The powers of the European Parliament have increased over the years. Have these institutional changes reduced the EU’s “democratic deficit”? Give at least two reasons why or why not.
- 3) Some say that member state governments in the Council remain the most important and most powerful actors in EU policymaking. Do you agree with this statement? Why or why not? Give at least two reasons.
- 4) Was it a mistake to create the Euro? Give at least two reasons to support your answer
- 5) Supranationalists would argue that the European Court of Justice has played a major role in pushing European integration forward, while intergovernmentalists would argue that it merely enforces agreements made by member states. Who do you agree with and why? Give at least two reasons to support your answer.

Example Multiple Choice questions

The EU has little power to make policy at the supranational level in which of the following areas? Little power (+) and a lot of power (-)

- Negotiating trade agreements with “third countries” (e.g. USA, Canada, Japan)
- Secondary school education (e.g. Abitur/Matura standards)
- Personal income tax levels
- Fisheries and agriculture

What major event is often considered to mark the birthdate, or beginning of the process of European integration?

- The British and French invaded Egypt to regain control of the Suez Canal
- The Berlin airlift came to an end
- Winston Churchill gave a famous speech on the “United States of Europe” at the University of Zurich
- Robert Schuman announced the creation of an organization that would oversee European coal and steel production

Which of the following statements best describes Germany’s motivation for helping to create and to participate in the ECSC?

- To regain international respectability and to rebuild the national economy as quickly as possible
- To support the creation of a European military force
- To gain unilateral control over the countries’ coal supplies and to rebuild the countries military as quickly as possible
- To exercise maximal influence over European decision-making

What type of theory is the following researcher LEAST likely to rely on? A researcher theorizes that European Court of Justice successfully pushes for deeper integration because governments have shorter time horizons and less information than judges.

- Neofunctionalism
- Supranationalism
- Multi-level governance
- Liberal intergovernmentalism

What major event took place on the 9th of May, 1950?

- The British and French invaded Egypt to regain control of the Suez Canal
- The Berlin airlift came to an end
- Winston Churchill gave a famous speech on the “United States of Europe” at the University of Zurich
- Robert Schuman announced the creation of an organization that would oversee European coal and steel production

The following statements MOST likely reflects which type of theory? EU Integration can be explained by the USA wishing to rebuild European balance against the USSR, France wishing to contain Germany and Germany wishing to align with France to contain the USSR

- Neofunctionalism, Supranationalism, Liberal intergovernmentalism, Neorealist Intergovernmentalism, comparative institutionalism