



European Union *(part 2)*

European Communities: European Community plus Euratom. The term European Communities refers collectively to two entities — the European Economic Community (now called the European Community) and the European

Atomic Energy Community (also known as Euratom) — each founded pursuant to a separate treaty in the 1950s. A third entity, the European Coal and Steel Community, was also part of the European Communities, but ceased to exist in 2002 upon



the expiration of its founding treaty. Since 1967, the European Communities have shared common institutions, specifically the Council, the European Parliament, the Commission and the Court of Justice. In 1992, the European Economic Community, which of the three original communities had the broadest scope, was renamed the "European Community" by the Treaty of Maastricht. European Union: European Communities plus CFSP and PJCC. The European Communities are one of the three pillars of the European Union, being both the most important pillar and the only one to operate primarily through supranational institutions. The other two "pillars" – Common Foreign and Security Policy, and Police and Judicial Co-operation in Criminal Matters – are looser intergovernmental groupings. Confusingly, these latter two concepts

are increasingly administered by the Community (as they are built up from mere concepts to actual practice). Effect of Constitutional Treaty. If it is ratified, the proposed new Treaty establishing a Constitution for Europe would abolish the three-pillar structure and, with it, the distinction between the European Union and the European Community, bringing all the Community's activities under the auspices of the European Union and transferring the Community's legal personality to the Union. There is, however, one qualification: it appears that Euratom would remain a distinct entity governed by a separate treaty (due to the strong controversy the issue of nuclear energy causes, and Euratom's relative unimportance, it was considered expedient to leave Euratom alone in the process of EU constitutional reform). A basic tension exists



within the European Union between intergovernmentalism and supranationalism. Intergovernmentalism is a method of decision making in international organizations where power is possessed by the member states and decisions are made by unanimity. Independent appointees of the governments or elected representatives have solely advisory or implementation functions. Intergovernmentalism is used by most international organizations today. An alternative method of decision making in international organizations is supranationalism. In supranationalism power is held by independent appointed officials or by representatives elected by the legislatures or people of the member states. Member state governments still have power, but they must share this power with

other actors. Furthermore, decisions are made by majority votes, hence it is possible for a member state to be forced by the other member states to implement a decision against its will. Some forces in European Union politics favour the intergovernmental approach, while others favour the supranational path. Supporters of supranationalism argue that it allows integration to proceed at a faster pace than would otherwise be possible. Where decisions must be made by governments acting unanimously, decisions can take years to make, if they are ever made. Supporters of intergovernmentalism argue that supra-nationalism is a threat to national sovereignty, and to democracy, claiming that only national governments can possess the necessary democratic legitimacy. Intergovernmentalism is being favoured by more eurosceptic nations such as the United Kingdom, Denmark and Sweden; while more integrationist nations such as the Benelux countries, France, Germany, and Italy have tended to prefer the supranational approach. The European Union attempts to strike a balance between the two approaches. This balance however is complex, resulting in the often labyrinthine complexity of its decision-making procedures. Starting in March 2002, a Convention on the Future of Europe again looked at this balance, among other things, and proposed changes. These changes were discussed at an Intergovernmental Conference (IGC) in May 2004 and led to the Constitutional Treaty discussed above. Supranationalism is closely related to the intergovernmentalism vs. neofunctionalism debate. This is a debate concerning why the process of integration has taken place at all. Intergovernmentalists argue that

the process of EU integration is a result of tough bargaining between states. Neofunctionalists, on the other hand, argue that the supranational institutions themselves have been a driving force behind integration. As the changing name of the European Union (from European Economic Community to European Community to European Union) suggests, it has evolved over time from a primarily economic union to an increasingly political one. This trend is highlighted by the increasing number of policy areas that fall within EU competence: political power has tended to shift upwards from the member states to the EU. Some member states have a domestic tradition of strong regional government. This has led to an increased focus on regional policy and the European regions. A Committee of the Regions was established as part of the Treaty of Maastricht. EU policy areas cover a number of different forms of co-operation. Autonomous decision making: member states have granted the European Commission power to issue decisions in certain areas such as competition law, state aid control and liberalisation. Harmonisation: member state laws are harmonised through the EU legislative process, which involves the European Commission, European Parliament and Council of the European Union. As a result of this European Union law is increasingly present in the systems of the member states. Co-operation: member states, meeting as the Council of the European Union, agree to co-operate and co-ordinate their domestic policies. The tension between EU and national (or sub-national) competence is an enduring one in the development of the European Union. All prospective members must en-

act legislation in order to bring them into line with the common European Union legal framework, known as the *Acquis Communautaire*. (See also European Free Trade Association (EFTA), European Economic Area (EEA) and Single European Sky.) See table of states participating in some of the initiatives. Many of the policies of the EU relate to the development and maintenance of an effective single market. Significant efforts have been made to create harmonized standards designed to bring economic benefits through creating larger, more efficient markets. The power of the single market reaches beyond the EU borders, because to sell within the EU, it is beneficial to conform to its standards. Once a non-member country's factories, farmers and merchants conform to EU standards, much of the cost of joining the union has already been sunk. At that point, harmonizing domestic laws in order to become a full member is relatively painless, and may create more wealth through eliminating the customs costs. Euro banknotes. Free trade of goods and services among member states (an aim further extended to three of the four EFTA states by the European Economic Area, EEA). A common EU competition law controlling anti-competitive activities of companies (through antitrust law and merger control) and member states (through the State Aids regime).

The Schengen treaty allowed removal of internal border controls and harmonization of external controls between its member states. This excludes the UK and Ireland, which have derogations, but includes the non-EU members Iceland and Norway. Switzerland also voted in 2005 to become

part of the Schengen zone. Freedom for citizens of its member states to live and work anywhere within the EU with their spouses and children, provided they can support themselves (also extended to the other EEA states and Switzerland). This has led to a gross anomaly whereby family related social welfare benefits are payable by the member state where an EU citizen is employed, even where the family of the worker are resident elsewhere in the Union.

Free movement of capital between member states (and other EEA states). Harmonization of government regulations, corporations law and trademark registrations. Eurozone, a single currency area with the euro (excluding the UK and Denmark, which have derogations). Sweden, although not having a specific opt-out clause, has not joined the ERM II, voluntarily excluding itself from the monetary union. A large amount of environmental policy co-ordination throughout the Union. A Common Agricultural Policy and a Common Fisheries Policy. Common system of indirect taxation, the VAT, as well as common customs duties and excises on various products. Funding for the development of disadvantaged regions - structural and cohesion funds, as well as the emergency financial aid - the solidarity fund. A common external customs tariff, and a common position in international trade negotiations. Funding for programs in candidate countries and other Eastern European countries, as well as aid to many developing countries, through programs such as Phare, TACIS, ISPA. The establishment of a single market energy community by means of the Energy Community South East Europe Treaty.

The establishment of a single market aviation area. The establishment of a European Defence Agency. Freedom for citizens of the EU to vote in local government and European Parliament elections in any member state. Co-operation in criminal matters, including sharing of intelligence (through EUROPOL and the Schengen Information System), agreement on common definition of criminal offences and expedited extradition procedures. A common foreign policy as a future objective, however this has some way to go before being realized. The divisions between the member states (in the letter of eight) and then-future members (in the Vilnius letter) during the run up to the 2003 invasion of Iraq highlights just how far off this objective could be before it becomes a reality. A common security policy as an objective, including the creation of a 60,000-member European Rapid Reaction Force for peacekeeping purposes, an EU military staff and an EU satellite center (for intelligence purposes). Common policy on asylum and immigration. Common funding of research and technological development, through four-year Framework Programs for Research and Technological Development. The Sixth Framework Programs running from 2002 to 2006. If considered a single unit, the European Union has the largest economy in the world, with a GDP of 12,427,413 million USD (2005) using Purchasing power parity (PPP) equivalence. The EU economy is expected to grow further over the next decade as more countries join the union — especially considering that the new states are usually poorer than the EU average, and have the capacity to grow at a higher rate.