

Course 8: European Economic Integration

The Bretton Woods Institutions

International Monetary Fund, IMF monetary cooperation exchange stability balance of payments support structural adjustment technical assistance	FMI coopération monétaire stabilité des changes soutien à la balance des paiements ajustement structurel assistance technique
quota(s) conditionality Heavily Indebted Poor Countries (HIPC)	quote(s)-part(s) conditionnalité Pays pauvres très endettés (PPTE)
World Bank project aid loan(s) poverty reduction	Banque mondiale aide aux projets prêt(s) réduction de la pauvreté
World Trade Organisation multilateral trading system Dispute Settlement Body	Organisation mondiale du commerce système commercial multilatéral Organe de règlement des différends

European Economic Integration

Put the following events in the correct chronological order.

- 1/ The launching of the Single European Market programme.
- 2/ The creation of the European Coal and Steel Community (ECSC).
- 3/ The signing of the Treaty of Rome.
- 4/ The first enlargement of the EEC.
- 5/ The last enlargement of the European Union.
- 6/ The irreversible locking of exchange rates.
- 7/ The use of price support for agriculture.
- 8/ The signing of the Maastricht Treaty.

What do the following acronyms stand for:

EEC EC EU CAP
 EMS / ERM EMU ECB

EEC : European Economic Community	CEE
EC : European Community	CE
EU : European Union	UE
CAP Common Agricultural Policy	PAC
EMS : Economic Monetary System	SME
ERM : exchange rate mechanism	
EMU : economic and monetary union	UEM
ECB : European Central Bank	BCE
ESCB : European System of Central Banks	SEBC : Système européen de banques centrales
Common External Tariff (CET)	Tarif commun externe (TEC)
enlargement	élargissement

Match the following bodies and definitions:

Council of the European Union (Council of Ministers) ; European Commission ; European Court of Justice ; European Parliament

1/ The _____ is the only body authorised to initiate Union policy. It is also the executive branch of the Union’s “government”, and acts as guardian of the Treaties.

2/The _____ brings together members of national governments, in order to vote Union policy, in specific fields. Increasingly, “qualified majority voting” is used to make Union policy.

3/ The _____ makes rulings relating to Union law, which are binding on Member States.

4/ The _____ has essentially a consultative function, even if it is the Union’s only directly elected body. It has some power of sanction over the Commission and also shares budgetary powers.

qualified majority	majorité qualifiée
mutual recognition	reconnaissance mutuelle
internal market	marché intérieur
euro area	zone euro
social charter	chartre sociale
structural funds	fonds structurels
cohesion fund	fonds de cohésion
European Social Fund	Fonds social européen
convergence criterion (criteria)	critère de convergence
Eurogroup	Eurogroupe
Multilateral surveillance	Surveillance multilatérale
Excessive deficit procedure.	Procédure des déficits excessifs.
Common commercial policy	politique commerciale commune
European competition policy	politique européenne de la concurrence
national competition law	règles nationales de concurrence

Common External Tariff; Six; Common Market ; Member States; agricultural support

The EEC was created with the signing of the Treaty of Rome, in 1957. Its original purpose was to establish a _____ for industrial goods, among the “_____”, with a _____ levied on imports. Although, the founders of the EEC saw it as a way for strengthening cooperation and peace, the EEC did not rapidly lead to political integration. On the contrary, for many years its functions were restricted to internal trade liberalisation, some harmonisation of product standards, and _____ to ensure food security among the _____ .

fluctuations European Monetary System

In 1973, Britain, Ireland and Denmark joined the EEC, and by the end of the decade proposals for monetary cooperation were in place, with the creation of the _____ and its Exchange Rate Mechanism for restricting _____ between currencies.

movement Directives single market Single European Act (SEA)

The 1980s witnessed the launching of the single most important project for European integration since 1957, namely the _____ which set out to establish a truly _____. The Commission drew up a plan comprising nearly 300 _____ for freeing the _____ of labour, capital, goods and services across the EC.

mutual recognition qualified majority

To achieve this, the SEA used two significant legal and institutional measures. The first involved applying the concept of the “_____” of goods and services across the Community: goods which are considered safe in any one country have to be recognised by other European countries. Secondly, the SEA greatly extended the use of “_____” in the Council of Ministers. The application of these two principles made it far easier to open up markets.

Maastricht Treaty opt-outs single currency

The creation of a _____ was put forward by the Delors Commission in 1989 as a logical step to complete the Single Market. With the signing of the _____, it was agreed to create an Economic and Monetary Union by the end of the 1990s, though Britain and Denmark obtained “_____” from joining the single currency.

Support economic unconventional finance

The financial and _____ crisis which began in 2007/2008 has greatly tested EMU, which looked ready to break up, especially at the end of 2011. The immediate prospects of a break-up of economic and monetary union subsequently receded over the two following years. _____ measures have been put in place to help _____ some countries in southern Europe, most notably Greece. The ECB has also adopted substantial measures in _____ monetary policy to prevent the financial crisis from becoming a new, major banking crisis.

manage operating fiscal structural taxation

However, EMU continues to have fundamental _____ weaknesses as it does not really have the institutions nor policies available to manage in euro area economy in a federal way. In particular, there is no real common _____ policy, even if euro area member states are now bound by the so-called Fiscal Pact. This seeks to strengthen the guarantees that individual member states' fiscal situations remain manageable, and that over time budgets should balance: the “Golden Rule”.

But other aspects of fiscal union, which would allow for common _____ and spending, and so significant economic transfers within the Union, do not exist.

Such a missing fiscal policy reflects the ways in which economic policy continue to be largely shaped decided within nation states, even though all countries are now _____ within a common, international environment.