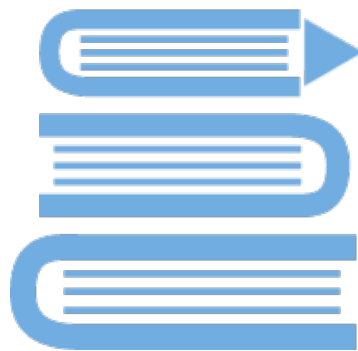


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## The EU

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The European Union is an international trading bloc and political alliance of 28 European countries which have the objective of maintaining peace in Europe, improving standards of living, establishing common values and enlargen the union over time. All states are working towards social, political and economic union.

Each member state contributes to the EU budget and in return shares economic and political policies intended to benefit the member population.

## List of countries in the EU

Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Italy, Ireland, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Spain, Slovakia, Slovenia, Sweden and the United Kingdom (leaving in Brexit).

## Features of the E.U

- The EU is based upon a number of international treaties signed by all member states.
- The EU has several institutions to run its own affairs.
- It works on the basis of pooled sovereignty. Each country gives up a bit of their own sovereign powers so that the EU can act on behalf of all the states.
- Each member state will contribute to the budget.
- The EU creates common policies to achieve the objectives of the EU

## EU Institutions

EU policies and laws are made as a result of decisions made by the EU's institutional triangle which is made up of the following institutions: the Commission, the Parliament and the Council of the European Union.

The institutions are interdependent and have roles which require them to co-operate in running the EU. All the institutions must consult with each other and check on the activities of the others.

## The European Commission

The commission is responsible for the day to day management of the EU. It is a type of EU civil service and is the executive management body of the EU.

### Structure:

- There are EU commissioners who are appointed by the national governments of the member states.
- The President is then agreed by the member states.
- The Parliament must approve the EU commissioners.
- Each commissioner is allocated a different Directorate-General, which is an area of work e.g. agriculture, competition.

### Main Functions:

- Gives political leadership within the EU.
- Puts forward proposals for new laws. The Commission is the only Institution who can initiate new laws but must first consult with experts and interest groups.
- Implementing EU laws and policies. The Commission acts as a supervisor of the EU states to ensure all legislation is being followed. They have to powers to bring individuals and organisations to the EU courts and give fines out.
- Manages the EU budget. The commission decides the amount of money needed to run the EU.

## The European Parliament

The EU Parliament is directly elected by the EU citizens to act as a supervisor over all activities of the EU's activities. Members of the EU parliament are elected in EU wide elections every five years. It is made up of over 700 MEPs. Ireland has 13 MEP's in the parliament.

The EU Parliament does not have the power to draft its own legislation like most normal parliament and instead, the Commission does.

### Structure:

- MEP's are elected directly by the citizens of the member states.
- Within the Parliament, there is a large number of committees that deal with different areas of the EU.

### Main Functions:

- Discusses proposed new laws and votes on new laws and policies proposed by the commission. Without the vote of the Parliament, proposals cannot become law.
- Suggests changes to proposed laws and policies.
- Passes some laws along side the Council of the European Union.
- Approves and supervises the EU budget and how it is spent.
- Vets the EU commissioners and has the power to dismiss the entire Commission.
- Questions the Commission and the Council of Ministers to ensure they are acting in the interest of the EU.

## The Council of the European Union

The Council of the European Union is the most important decision-making body and is made up of representatives from each member state government. The meetings of the council are attended by the relevant minister from each member state depending on the topic being discussed. e.g. if agriculture was being discussed the Minister of Agriculture would attend.

Each member state government of the EU gets to take charge presiding over the council for a period of 6 months at a time.

### Main Functions:

- Sets objectives for the EU.
- Approves the budget with the Parliament.
- Approves the laws made by the Commission alongside the Parliament.
- Maintains cooperation and trust amongst member states.
- Provides leadership for the entire EU

## Other EU Institutions

- **The Court of Auditors:** Their responsibility is to ensure that the EU budget is spent efficiently and for the purpose intended. They make sure all the tax revenue is received and any EU funds are being spent correctly.
- **The European Court of Justice:** This court is responsible for ensuring that EU laws are being followed in all EU countries. It tries to fix differences between national and EU law.
- **The European Central Bank:** This is the central bank for all countries that are using the euro currency. It must keep inflation low and protect the value of the euro.

## Steps in introducing new EU laws

1. Proposal stage: A proposal for a new law is drafted by the Commission and then sent to the Parliament.
2. Consultation stage: The proposal is sent to the Parliament for discussion where they make amendments to the draft. National governments and special interest groups may begin lobbying to influence the decision making at this stage.
3. Redrafting by the Commission: The feedback is taken onboard by the Commission who may make changes to the initial proposal. This is then sent to the Parliament and the Council of the European Union.

4. Approval stage: The redrafted proposal is then sent by the Commission to the Council for approval. The Council may consult with the Parliament. In that case, it is called a co-decision.

## **\*\*How does the EU implement laws \*\***

Once the law has been accepted by the Council of the EU they will also decide on how to best implement the laws across the population of the EU. They either issue a regulation, a directive or a decision.

- **Regulations:** This will become law immediately through all EU countries and will take precedence over national laws.
- **Directives:** This is when the EU sets out a goal that must be achieved by the member states and a deadline for the goal. Each member state has the freedom to implement and reach the directive in any way they like.
- **Decisions:** These are directed to specific countries, companies or organisations and are only binding to the specified country or organisation.

## **How do special interest groups influence EU decision making?**

EU laws can affect all the population as well as organisations and companies. So, as a result, there are many interest groups who try to influence the decisions made by the Parliament and the Council.

Special interest groups could include governments, industry bodies, trade unions, consumer protection agencies, regional groups or small groups with a specific concern.

Methods of persuasion:

- Setting up offices close to the EU's institutions.
- Lobbying decision makers such as ministers, commissioners, MEP's.
- Setting up meetings with people within the EU to put forward their own view.
- Using public relations e.g. through the media etc.
- Public protests.

## **Common EU policies**

### **1. *Single European Market:***

This is the creation of a single free internal market without barriers or restrictions to trade allowing the free movement of goods, services, people and capital. It means all EU businesses can treat the whole EU as their home market.

#### **Benefits:**

- Creation of huge market for businesses.
- Free movement of goods between countries without tariffs, paper work etc.
- Protectionism for EU firms as goods from outside the EU get taxed.

#### **Drawbacks:**

- Greater competition for Irish firms as there are no barriers to trade in Ireland.
- The Irish government cannot give contracts to Irish firms unless these firms are the most competitive. This results in money leaving the country.

### **2. *European Monetary Union:***

This is the introduction of the euro as the common currency for EU members. This helps the SEM work properly. Most countries in the EU are a part of the euro zone. Countries wishing to adopt the euro must meet strict guidelines about low inflation and control spending/borrowing.

#### **Benefits:**

- Easier and cheaper International payments as transactions are fluctuation free within the euro zone.
- Foreign direct investment into Ireland as we are a part of the euro zone which is attractive to American companies looking for bases.
- International travel is easier as there is no need for currency exchange within the euro zone.

**Drawbacks:**

- Two of Irelands largest trading partners are not a part of the euro zone (America and the UK), making Irish produce less attractive.
- The government loses some control over the economy such as interest rates as we must abide by the European Central banks rules.

3. ***Social Policy:***

The EU social policy is intended to improve and harmonise working conditions and consumer rights in the EU.

**Benefits:**

- Improved working conditions for all in Ireland.
- The European Social fund provides funding to train workers in Ireland and increase the skills in an ever changing workforce.

**Drawbacks:**

- Increased costs to businesses to comply with regulations.

4. ***Common Agricultural Policy***

This is designed to make the EU self-sufficient in food and to maintain the incomes of farmers and rural communities. It also aims to modernise the industry and to ensure the same prices are being paid to all farmers.

**Benefits:**

- EU farmers protected against cheap imports from outside the EU by tariffs and quotas.
- CAP has encouraged the development of Ireland as a food exporter.
- Food production in the EU is far more secure.
- Farmers incomes have increased for the most part.

**Drawbacks:**

- Loss of small farm businesses in return for huge large scale farms.
- Modernisation in farming has led to fewer humans working in the industry.
- CAP costs the tax payer billions each year.

5. ***Environmental Policies:***

The environmental policies aim to ensure that economic development within the EU is environmentally sustainable and that development is not at the cost of the environment. It promotes environmentally friendly forms of power with grant aid for new technology and development.

It also implements the 'polluter pays' idea which means anyone found to be polluting must pay for it. Also, all EU projects must pass an evaluation test in terms of the environment.

**Benefits:**

- No seriously harmful EU developments will go ahead.
- More energy efficient public transport is promoted.
- There is an increased awareness of the need to protect the environment.

**Drawbacks:**

- There are increased costs for businesses and countries to switch to a greener economy at the start.

**6. Structural Policies:**

These policies are made to improve the wealth and competitiveness of the EU's poorer regions and vulnerable industries. Ireland used to receive much of this funding but now it is not needed. The funds are mainly through the European Regional Development Fund, the European Social Fund and the European Cohesion Fund.

**7. Competition Policy:**

This policy is a set of rules which aims to ensure free and fair competition between firms in the SEM. It usually only deals with very large companies where the trade between states is affected. There are extremely hefty fines for companies breaking the rules.

It oversees large mergers and takeovers to ensure competition is still there within the market. It also wants to get rid of cartels and to ensure dominant firms do not abuse their power to get rid of fair competition. Governments are also watched to ensure they don't treat domestic companies in such a way that gives them an unfair advantage over other countries companies. There is also the deregulation of state owned monopolies.

**Benefits:**

- Increased competition which leads to better choice and quality for the consumer.
- It makes it easier for smaller firms to set up against larger firms.
- State monopolies e.g. electricity are eliminated which gives consumers choice.
- Market manipulation is reduced.

**Drawbacks:**

- Open competition can result in the closure of small firms due to larger firms dominating when these smaller firms might've gotten special government treatment.
- Free competition might mean that services which are not profitable may not be provided as they are considered a social item e.g. rural bus routes.

## Benefits of EU membership to Ireland

**For businesses:**

- Access to large market without tariffs or restrictions.
- SEM rules mean it is easier to trade in Europe.
- Euro currency makes transactions easier.
- EU grants help businesses grow.

**For employees:**

- EU membership has resulted in much foreign direct investment creating thousands of well-paid jobs e.g. Google etc.
- The EU social policy has protected workers rights.

**For consumers**

- Benefit from euro currency on travels.
- Competition policy has increased choice, quality and prices.

**For the economy and the environment**

- Structural funds have helped develop Ireland's infrastructure.
- Irish governments must follow more reasonable taxation and spending policies under the euro zone.
- The economy has benefitted massively from the CAP in modernising our agricultural industry.
- Environmental policies have helped Ireland become a little bit greener.

## **Challenges facing Ireland as a member of the EU in the future**

- Ireland needs to take advantage of the euro zone as still most of our trade is done with the UK and US.
- Ireland now needs to conform with strict EU rules regarding the management of the economy since we had to borrow so much from the ECB after the crash in 2007.
- Ireland gives more than it gets from the EU nowadays.
- Since eastern European countries have lower costs and labour TNC's are now locating there as well making it harder for Ireland to attract foreign investment.

## **Challenges facing the EU**

- The EU must ensure the euro holds its value and is stable especially with events like Brexit etc.
- Tax harmonisation is difficult when countries like Germany do not like low tax countries such as Ireland corporation tax.
- As the EU grows in size it will be necessary to decentralise the power and to reform the EU institutions to encourage greater democracy etc.
- The EU must tackle climate change head on and try to promote greener industries.