The European Union
History of the European Union

- **1951** ECSC with Belgium, France, Italy, Federal Republic of Germany, The Netherlands and Luxembourg; Founding Fathers (e.g.): K. Adenauer, W. Churchill, R. Schuman

- **1992** Treaty of Maastricht: Foundation of financial and economic community

- **2004 - 2007** Eastern states join the EU
  New Member States: Austria, Cyprus, Czech Republic, Finland, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia, Sweden

- **2007** Treaty of Lisbon: European constitution
  European foreign minister Lady Ashton,
  President of the European Council, Herman van Rompuy
  New Member States: Bulgaria, Romania

- **2012** Candidates: Iceland, Montenegro, Serbia, Turkey
ECSC
European Coal and Steel Community

- was a six-nation international organisation (France, West Germany, Belgium, Netherlands, Luxembourg, Italy)
- foundation of democratic countries of Europe during the Cold War period
- first meeting on 9 May 1950 (known as Europe Day)
- create a common market for coal and steel (for coal opened on 10 February 1953 and for steel on 1 May 1953)
- first declaration was the Schuman declaration (9 May 1950)
- first contract between this six nations was the Treaty of Paris, signed on 18 April 1951
- United States was the first non-ECSC member, who recognized the community and started to trade with the ECSC
- ECSC was joined by two other similar communities in 1957 (EEC and EURATOM)
The Schuman Declaration

- birth of a united Europe
- makes war between the member states impossible
- encourages world peace
- world`s first supranational institution and the first international anti-cartel-agency
- single market across the community
- starting with the coal and steel sector
- aims to prevent future wars
European Monetary System (EMS)

- from 13 March 1979 to 31 December 1998, form of monetary cooperation between the countries of the European Community
- Central issue: Exchange Rate Mechanism (ERM)

**Aims of the EMS**
- main aim: To make Europe a zone of monetary stability between the currencies of the participating countries, through the implementation of fixed but adaptable exchange rates
  → this improves Europe's position in the international monetary markets
- the regulation of the exchange rates should preserve the consumption of goods, services and capital between the countries against the exchange risk, and trade should be simplified and beneficiary to all partners
- to achieve more internal stability of the countries

**End of the EMS**
- ended with the implementation of the Euro on 1 January 1999.

**Subsequent regulations for non-members of the monetary union**
- Implementation of the exchange rate mechanism should regulate the cooperation between the countries of the Euro monetary area and the other EU countries
The €uro

- Currency of the European economic and monetary union
- Controlled and monitored by the European Central Bank in Frankfurt
- used as the common official currency in 17 EU member states and six other European countries which form the euro zone
- Behind the U.S. Dollar the most important reserve currency of the world.
- it was implemented on 1 January 1999 as deposit money, and three years later, on 1 January 2002, as cash
- replaced the national currencies as means of payment

Cash exchange
- in trade, people deal with change in euros and cents
- since 1 January 2002, euro cash has been introduced into in the money circuit (through cash dispensers / counters)
- Since the end of January 2002, cash amounts were primarily paid in the Euro currency
- Safety characteristics of banknotes: watermark, security thread, hologram film and micro printing
Economic History

- Situation after world war II: hunger crisis, poverty, unemployment → Marshall plan

- 1955: peak level of the “economic miracle”

- During that time politicians in West Germany established a social market economy.

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- Germany is the largest national economy in Europe, the fourth largest by nominal GDP in the world.

- Since the beginning of industrialisation, the country has taken advantage of an increasingly globalised economy.

- Germany is the world's third largest export economy.

- Most important industry: automobile industry

- European Central Bank (ECB) with its registered seat in Frankfurt am Main.
### Economic Figures

<table>
<thead>
<tr>
<th>State</th>
<th>Participation (%)</th>
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<tbody>
<tr>
<td>Germany</td>
<td>18.94</td>
</tr>
<tr>
<td>England</td>
<td>14.52</td>
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<tr>
<td>France</td>
<td>14.22</td>
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<tr>
<td>Italy</td>
<td>12.5</td>
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<tr>
<td>Spain</td>
<td>8.3</td>
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</tbody>
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1. Volkswagen AG
2. Daimler AG
3. Siemens AG
4. E.ON AG
5. Metro AG
6. Deutsche Post AG
7. Deutsche Telekom AG
8. BASF SE
9. BMW AG
10. ThyssenKrupp AG

### Macroeconomic developments – GDP -

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
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<tbody>
<tr>
<td>Change</td>
<td>1.1</td>
<td>-5.1</td>
<td>4.2</td>
<td>3.0</td>
<td>0.8</td>
<td>1.0</td>
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