

# Economic and monetary union of europe 1761

[Business](#), [Marketing](#)



## ECONOMIC AND MONETARY UNION OF EUROPE

The main reason for creating a European Market was the growing international competitiveness. In the mid of the eighties the European countries recognized that in the long run the national economies alone won't be able to compete against countries like the US, Japan and the new industrial centers in East Asia. The biggest advantage of the European integration is the unique chance of causing significant economic growth in the member countries by abolishing all kinds of barriers e. g. customs controls, trade restrictions, liberation of the movement of capital, tax harmonization, and by the opening of the financial market, a common trade policy, a common service market, common legal protection of companies and so on.

The two countries who support the European integration most (at least their governments) are Germany and France. One reason therefore might be that both countries have a dramatic increase in unemployment rate within the past few years. In Baden-Württemberg for example, the area where I am from, the unemployment rate has gone up from about 4% in 1992 to around 9% nowadays. Most likely Mr. Chirac's and Mr. Kohl's only solution concerning the unemployment is a fully integrated economy which for sure would create new jobs in Europe.

The German population, however, is scared that a United Europe would create new jobs only in low wage countries like e. g. Portugal. Many think that a European market with no barriers would even cause "job hollowing out" of Germany. Moreover the German population likes the

strength of the D-Mark and is worried that a single European currency would be weaker. As a result of this many Germans change their money into Swiss Francs. So far Switzerland has done quite well by not taking place in all events available. One reason why they are better off is that they didn't take place neither in World War I nor in World war II and therefore didn't have to rebuild everything.

Some people expect that in a Unified Europe the standard of living in the richer countries will decrease while the people in poorer countries will fare better. One professor of mine once said: " Somebody must pay for the European Integration. Most likely this will be the richer countries like us. It was the same with the German Unification". This shows that even some very educated people in Germany are skeptical concerning the new Europe. The light poll at the last election of the European parliament seems to be showing that the German population is not that much interested in Europe. The average worker/person if living in Germany or any other European country is not interested in politics anyway. Most people probably still can't see how a United Europe will affect them personally and therefore they don't care that much.

I am convinced that most of Europe's population don't know what is written in the 1993 Maastricht treaty. To set the rules for a treaty like the Maastricht treaty is very difficult because the topic is very complex. On the one hand the inflation is well on target at the moment. But is a very low inflation always good for the economy? One reason why twelve out of fifteen European countries are on target might also be that there is nearly no

economic growth. On the other hand should we raise the question if the finances of fourteen countries are not on target because of nearly no economic growth. No growth means lots of government expenses to support the economy. Aren't the two Maastricht's criteria a bit controversial?

Because of the complexity of the Maastricht treaty I think it is right that the politicians, like e. g. in Germany and France, decide whether to accept or disagree to the treaty. The example of Denmark, where the population didn't accept the Maastricht treaty at first, doesn't prove that the people there are more or less skeptical concerning Europe than in any other European country.

To reach a fully European Integration all the above barriers must be abolished which is not always that easy. Tax differences like the variation of the countries value added tax to totally different law systems are just two out of many problems that need to be solved. The German constitution for example is just over fifty years old while Britain's law system goes back to the middle ages. As you can imagine it is very difficult to adjust those two systems. Especially the British people can't understand how something that has been right for more than thousand years can all of a sudden found wrong by the European court.

Another difficulty is that all the regulation made by Brussels cause bureaucracy. If the politicians don't bare this in mind there might be more barriers in some years than than before a Common European market.

All in all I think the idea of an integrated Europe is great. The question is if the whole process is not going to quick. In my opinion the governments of the European countries should inform the population much more about Europe and its advantages. In my opinion nowadays nobody knows if Europe will be a big success, a disaster or something in between.

Only time will tell!

Let" s hope the best!

I choose this topic simply because I am European and therefore will be very much affected by Europe" s development in the future.

I HAVE NEITHER GIVEN OR RECEIVED, NOR HAVE I TOLERATED OTHER" S USE OF UNAUTHORIZED AID.

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