



# The European Union Single Market : a conflict of economic paradigms

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## Trade within the EU; different levels of integration

### **Free Trade Area (EEC, EFTA)**

No import tariffs (customs duties) among members (1958)

### **Customs Union (EU – Turkey)**

No internal tariffs; same external tariffs (1968)

### **Single Market (EU Schengen members)**

No internal tariffs, same external tariffs, free flow of labour, capital, goods and services (1986)

### **Economic Union (EMU – Euro members – in theory!) A**

Single Market plus harmonisation of macroeconomic policy and fiscal policy

### **Monetary Union (EMU/ECB)**

Shared currency with single issuing bank

*High awareness: Austria, Netherlands. Low awareness: Portugal, UK*

## Objectives of a Single Market

- Create fair competition
- Abolish state intervention (Airlines, Trains, Electricity and Gas, Telecommunications...)
- Abolish state monopolies (SNCF, EDF, GDF...)
- Prevent distortion of competition (harmonisation)

# Positive perceptions

- Bigger choice of products and services  
*(95% Cyprus, 61% UK)*
- More jobs  
*(Slovakia 80%, France 39%)*
- EU more competitive  
*(Finland 73%, Latvia 28%)*

# Negative Perceptions

- Only benefits big companies  
*(Cyprus 79%, Denmark 36%)*
- Produces cheap labour  
*(Cyprus 96%, Latvia 23%)*
- Worsens working conditions  
*(Cyprus 79%, Bulgaria 29%)*

- Questions

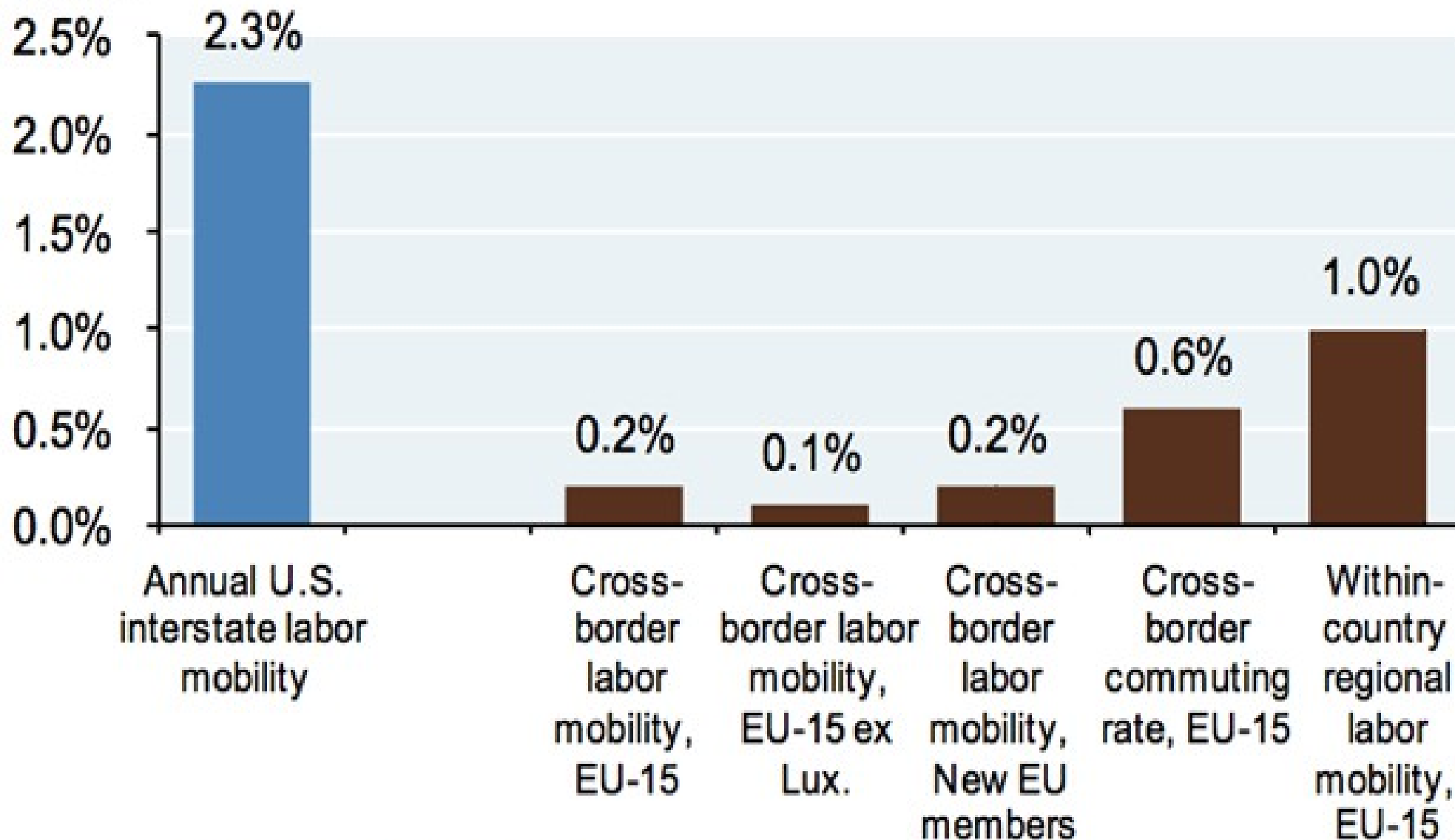
- What is the difference of buying products from within the Single Market (e.g. from Germany) and from outside the Single Market (e.g. from China) ?
- What are the economic advantages and disadvantages of a Single Market?
- What are the political consequences of a Single Market?
- Who might be the winners and losers of a Single Market?

# Moving within the EU

- Only 10 % of EU citizens have worked in another EU state  
*(Ireland 36%, Czech Republic 4%)*
- Why not work abroad?
  - Language barriers (52%)
  - Family (39%)
- Would you work / live abroad in the future?

# Labor mobility: U.S. vs Europe

Value



Source: "Geographic Mobility in the European Union", April 2008, European Commission, Directorate General for Employment, Social Affairs and Equal Opportunities.



# Points from the EU Commission's film 'Single Market is 20 years old'

- Was the origin of the the ECSC / EEC / EU political or economic or a mixture of both ?
- More opportunities for citizens, consumers, business (true or false?)
- Quality standards, more competitive prices, more choice.

EU cross-border trade 1992: €800bn 2011: €2,800bn

# Completing the single market

- Relaunch growth in Europe
- Remove the final barriers (see Single Market Act 2)
- Digital single market
- Trade in services, energy and transport
- Connecting Europe (pan-European transport)
- Securing energy supplies
- European energy network by 2020
- Single European patent (see [EPO](#))
- Jobs across Europe

## **Exercise : before and after The Single Market and EMU**

French consumer

French sausage producer

French pig producer

French abattoir

French government

German consumer

German sausage producer

German pig producer

German abattoir

German government

# Discussion