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What does the European Union do for its Member Countries?

With "Brexit," Great Britain's exit from the European Union, many wonder what the EU actually does for its member countries. In other words, why would a sovereign nation give up some of its rights in order to join the EU? And, when it does, what does it get in return? What I've written below will give you an idea of how the EU started, what it is, and the pros and cons of membership.

How did the European Union come into being?

Prior to WWII, countries didn't cooperate very much. They had a *go it alone* approach. However, after the war, with much of Europe destroyed, that began to change in the face of economic and political turmoil. As a result, in 1951 European-wide trade came about when six countries: Belgium, France, Germany, Italy, Luxembourg, and the Netherlands established the European Coal and Steel Community (ECSC). Six years later, the Treaty of Rome established The European Economic Community, eventually eliminating customs duties among its members in 1968. The ECSC continued to expand, adding Denmark, Ireland, and the UK in 1979, Greece in 1981, and Spain and Portugal in 1986. European-wide trade began to amalgamate and become more formalized as time went on, finally culminating with the Treaty of Maastricht, which established the European Union common market. Subsequent to that Austria, Sweden, and Finland became members in 1995, and in 2004 twelve countries followed: Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, and Slovenia.

What is the European Union?

The EU is composed of 28 member countries which, although fiscally and politically independent, operate within a unified area through a series of trade agreements and negotiations. Border controls are eliminated, thus allowing for the free flow of goods and people. There are no tariffs or duties between members, and taxes are standardized. If one is a licensed professional in one country, they can practice throughout the EU. For example, if you're a lawyer in France, you can also practice your profession in Spain without having to obtain a separate license in that country.

Advantages

Companies can trade in a single European market of over 500 million people, without protective tariffs or fear of policies limiting the sale of goods. This has also resulted in a reduction of unemployment among member states.

Environmental protection has been enhanced, through the creation of EU policies, within member states.

The use of a single currency reduces transaction costs as there is no need to convert between the monetary instruments of different countries. There is also better transparency and stability as a business in one country, cannot arbitrarily change their prices when shipping to customers in another, because of currency fluctuations.

Disadvantages

The European Court of Justice (ECJ) is the enforcer of EU law. If a member state violates an EU regulation, even if it's against their national rules, they may be required to pay a penalty.

Larger member states have more geo-political influence than smaller members.

Many feel that being a member of the EU forces them to give up their national sovereignty and ability to chart their own course, especially when weaker members financially impact them.

How is the European Union governed?

There are three bodies that run the EU:

The European Council sets policies, and proposes new legislation. Its President has a six-month term, after which a leader from another national government will assume control.

The European Parliament passes or rejects laws sent to it by the European Council. Each of its members, who are elected by the people, serve a five-year term.

The European Commission, the third body that runs the EU, is comprised of staff that execute the laws of the EU.

Financial governance

The European Central Bank sets the EU's monetary policy, such as bank lending rates and foreign-exchange reserves. The common currency within the EU is the euro, which replaced many foreign currencies. Although all EU members pledged to convert to the Euro, only 13 of its 28 members have done so.

What are the responsibilities of the EU, that of the member state, and what are the shared responsibilities?

The EU legislates in the areas of customs, common commercial policy, rules of competition, and monetary policy.

Shared responsibility, between the EU and member state, are in the areas of trans-European networks, transport, energy, territorial cohesion, some aspects of internal market rules; some aspects of social policy; some aspects of public health; some aspects of fisheries; some aspects of development cooperation and humanitarian aid; some aspects of research and technological development and space; consumer protection; the environment; and security.

Member States have jurisdiction for protecting and improving human health; culture, tourism, education, vocational training, youth and sport, civil protection, and administrative cooperation.

Brexit

On June 23, 2016 Britain voted to leave the EU, although it could take as long as two years to untangle itself from their obligations. The impetus behind this move was that many in Britain worried about the free movement of immigrants and refugees. In addition, they wanted to shed what they believed to be the budgetary and regulatory constraints placed on them as members of the EU. Many also felt that Britain had given up its right of self-determination in exchange for an EU that provided them monetary benefits below their expectations, financially contributing more than the country received in return.

My thanks to Kimberly Amadeo, whose article on the European Union has an extraordinary amount of data which was used by this author.

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