

FACULTY OF JURIDICAL SCIENCES

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Lecture-34



Governance

- **European Council:**
 - It is a collective body that defines the European Union's overall political direction and priorities.
 - It comprises of the **heads of state or government of the EU member states**, along with the **President of the European Council and the President of the European Commission**.
 - The **High Representative of the Union for Foreign Affairs and Security Policy** also takes part in its meetings.
 - Established as an informal summit in 1975, the European Council was formalised as an institution in 2009 upon the entry into force of the Treaty of Lisbon.
 - The decisions of its summits are **adopted by consensus**.
- **European Parliament:** It is the only parliamentary institution of the European Union (EU) that is **directly elected by EU citizens** aged 18 years or older. Together with the **Council of the European Union** (also known as the 'Council'), it exercises the **legislative function** of the EU.
 - European Parliament does not possess as much legislative power as its member countries' parliaments do.
- **Council of the European Union:** It is part of the essentially bicameral EU legislature (the other legislative body being the European Parliament) and **represents the executive governments (Minister) of the EU's member states**.
 - In the Council, government ministers from each EU country meet to discuss, amend and adopt laws, and coordinate policies. The ministers have the authority to commit their governments to the actions agreed on in the meetings.
- **European Commission (EC):** It is an **executive body of the European Union**, responsible for proposing legislation, implementing decisions, upholding the EU treaties and managing the day-to-day business of the EU.
 - The Commission operates as a cabinet government, with 28 members of the Commission. There is one member per member state. **These members are proposed by member countries** and European Parliament gives final approval on them.
 - One of the 28 members is the **Commission President** proposed by the European Council and elected by the European Parliament.
 - The Commission is divided into departments known as **Directorates-General (DGs)** that can be likened to departments or ministries is **headed by a director-general who is responsible to a commissioner**.
 - **High Representative (HR) of the Union for Foreign Affairs and Security Policy** is appointed by the European Council by voting and The President of the EC must be in agreement with the decision. HR is

charged with shaping and carrying out the EU's foreign, security and defence policies.

- **European Court of Auditors (ECA):** It investigates the proper management of finances within both the EU entities and EU funding provided to its member states.
 - It can refer unresolved issues to the European Court of Justice to arbitrate on any alleged irregularities.
 - ECA members are appointed by the Council, after consulting the Parliament, for renewable 6-year terms.
- **The Court of Justice of the European Union (CJEU):** It interprets EU law to make sure it is applied in the same way in all EU countries, and settles legal disputes between national governments and EU institutions.
 - It can also be approached by individuals, companies or organisations to take action against an EU institution, if they feel their rights are infringed under EU system.
 - Each **judge** and **advocate** general is **appointed jointly by national governments** (member country).
 - It is located in Luxembourg.
- **The European Central Bank (ECB):** It is the central bank for the euro and administers monetary policy within the Euro zone, which comprises 19 member states of the European Union.
 - Governing Council – It is the main decision-making body of ECB. It consists of the Executive Board plus the **governors of the national central banks** from euro zone countries.
 - Executive Board – It handles the day-to-day running of the ECB. It consists of the ECB President and Vice-President and 4 other members appointed by national governments of euro zone countries.
 - **Sets the interest rates** at which it lends to commercial banks in the euro zone, thus controlling money supply and inflation.
 - Authorises production of euro banknotes by euro zone countries.
 - Ensures the safety and soundness of the European banking system.
 - It is located in Frankfurt (Germany).
- **The European system of financial supervision (ESFS):** It was introduced in 2010. It consists of:
 - the European Systemic Risk Board (ESRB)
 - 3 European supervisory authorities (ESAs):
 - the European Banking Authority (EBA)
 - the European Securities and Markets Authority (ESMA)
 - the European Insurance and Occupational Pensions Authority (EIOPA)

Functions

- EU's law and regulation is meant to create a cohesive economic entity of its countries, so that **goods can flow freely across the borders** of its member nations, without tariffs, with the ease of one currency, and the creation of one

enlarged labour pool, which creates a **more efficient distribution and use of labour**.

- There is a pooling of financial resources, so that member nations can be "bailed out" or lent money for investment.
- Union's expectations in areas such as **human rights and the environment** have **political implications** for member countries. Union can exact a heavy political cost such as severe cutbacks and an austerity budget on its members as a condition of giving aid.
- This is a **great experiment**, really, in cooperation amongst nations, who wish to be **economically unified, ceding as little political** and national power as possible.
- Trade
 - Free trade among its members was one of the EU's founding principles. This is possible thanks to the single market. Beyond its borders, the **EU is also committed to liberalising world trade**.
 - The European Union is the largest trade block in the world. It is the world's biggest exporter of manufactured goods and services, and the biggest import market for over 100 countries.
- Humanitarian aid
 - The EU is committed to helping victims of man-made and natural disasters worldwide and supports over 120 million people each year.
 - EU and its constituent countries is the world's leading donor of humanitarian aid.
- Diplomacy and security
 - The EU plays an important role in diplomacy and works to foster stability, security and prosperity, democracy, fundamental freedoms and the rule of law at international level.

Challenges & Reforms

- It is no longer self-evident that all old member states will stay in the Union. **The Treaty of Lisbon** gave the **members the right to leave the EU**. The financial crisis has hit Greece so hard that many people have predicted for a long time that the country will exit from the Union.
- Layoffs, redundancies and migration of jobs to countries where labour is cheap affect the daily lives of European citizens. The EU is expected to find solutions to economic problems and employment.
- There is also demand for **standard labour agreements** on terms of employment and working conditions that would apply across Europe and even worldwide. As a member of the World Trade Organisation, the European Union is in a position to influence developments worldwide.
- EU is a global leader in the development of **Key Enabling Technologies (KETs)**. However, EU's record in translating this knowledge advantage into marketable products and services doesn't match this. KETs-related manufacturing is decreasing in the EU and patents are increasingly being exploited outside the EU.

- Europe is experiencing a **renaissance of national sovereignty** supported by a nationalistic turn of public opinion and represented by parties on both ends of the political spectrum. Popular disaffection toward EU membership is fuelled by the contemporaneous occurrence of two shocks, **the economic and the migration crises**.
- USA, by **withdrawing** from the Paris **climate change deal**, by pulling out of the Joint Comprehensive Plan of Action (JCPOA) on **Iran's nuclear programme**, and by attacking the **integrity of the international trading system** through **the unilateral imposition of tariffs**, has called into question Europeans' formerly unshakeable faith in diplomacy as a way to resolve disagreements and to protect Europe.
- European leaders now fear that the **transatlantic security guarantee** will centre not on alliances and common interests but purchases of American technology and materiel.
- Like the United States, the EU has been forced to reconsider its relationship with a more **assertive Russia** with implications for European security and stability. The EU has sought to support Ukraine's political transition, **condemned Russia's annexation of Crimea** in March 2014, and strongly urged Russia to stop backing separatist forces in eastern Ukraine.
 - Democratic regression in Ukraine combined with a hardening attitude in Moscow imposes constraints on the Ukrainian government's freedom of maneuver in pursuing its European Union membership.
- **Brexit:** EU has imposed too many rules on business and charged billions of pounds a year in membership fees for **little in return**.
 - The EU added eight eastern European countries in 2004, **triggering a wave of immigration** that strained public services. In England and Wales, the share of foreign-born residents had swelled to 13.4 percent of the population by 2011, roughly double the level in 1991.
 - **Brexit supporters** wanted Britain to take back full control of its borders and reduce the number of people coming here to live and/or work.
 - They argued that the **EU is morphing into a super-state** that increasingly impinges on national sovereignty. **Britain has global clout without the bloc**, they said, and can negotiate better trade treaties on its own.
 - Withdrawal from the EU is governed by Article 50 of the Treaty on European Union.
 - A deal between UK & EU that gives it **control over immigration** and **also preferential access to the EU's tariff-free** single market of 500 million people (UK), the economic backbone of the world's largest trading bloc is rejected by Germany & other EU leaders.

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MCQ

1. Where is the headquarters of the EU?

- (a) Belgium
- (b) Netherlands
- (c) Luxembourg
- (d) Greece

2. Which of the following was/were the objective of the EU?

- (a) Establishing an economic and a monetary union
- (b) Implementing a common foreign and defence policy
- (c) Developing relations in the spheres of home affairs and justice
- (d) All of the above

3. The EU aims at the closer economic and political integration of the member countries in the following ways:

1. Establishing an economic and a monetary union
2. Implementing a common foreign and defence policy
3. Strengthening of its economic and political institutions
4. Developing relations in the spheres of home affairs and justice

4. Who is the current President of the European Commission?

- (a) Jean-Claude Juncker
- (b) Herman Van Rompuy
- (c) Donald Tusk
- (d) None of the above

5. Which political system requires maximum legitimacy?

- A Democracy
- B Monarchy
- C Oligarchy
- D Aristocracy