# The EU's economic and social policies

## The single market

With more than 460 million consumers, the European Union is now the largest border-free single market in the world.
The principle that people, goods, services and capital should be able to move freely around the EU was laid down in its founding treaty in 1957. But it was not until the 1980s that Union leaders agreed a strategy for making this a reality.
In 1985, the European Commission published plans to establish a border-free Europe by removing technical, regulatory, legal and bureaucratic barriers to trade between EU countries. It also laid down a timetable for achieving this, setting a 31 December 1992 deadline for creating the Single European Market.
According to the European Commission, the single market has created 2.5 million new jobs since 1993 and has generated more than 800 billion euro in extra wealth.
However, it is not yet complete, with some sectors being opened up to competition far more slowly than others.
The single market is underpinned by a range of supporting policies: competition rules designed to maintain a level playing field by preventing companies from fixing prices or carving up markets between themselves; consumer policies designed to protect shoppers' rights; and employment and social policies designed to prevent companies in some Member States gaining an unfair competitive advantage over others by exploiting their workers (see below).

## The single currency

Economic and Monetary Union was among the objectives of cooperation from the early days of European integration, but it was the single market which gave the project the impetus it needed to get off the ground. Many EU leaders believed that a common currency was the logical next step in a single market without internal barriers, and set about establishing one within a decade:

- In 1992, they laid down criteria for deciding which countries should be allowed to adopt the common currency and agreed a timetable for launching it. (It was not until later, after much discussion, that they decided that it should be called the 'euro'). Denmark, Sweden and the United Kingdom were given opt-outs from the new currency, but with the right to join later if they want to.
- On 1 January 1999, the European Central Bank (ECB) was established and fixed the rates at which national currencies would be exchanged for euro. Shops began displaying prices in both currencies, and electronic transactions in euro began.
- On 1 January 2002, euro notes and coins were introduced alongside national currencies in euro-zone countries, with a deadline of 28 February 2002 set for national notes and coins to be withdrawn.

Eleven countries adopted the euro in the first 'wave': Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain. Greece did not initially qualify for entry, but was later accepted, introducing euro notes and coins in January 2002 along with the other eleven. Slovenia recently

became the first of the countries which joined the EU in 2004 to qualify for euro-zone membership, and will adopt the currency in January 2007.
The European Central Bank (ECB), made up of national bank governors from the euro-zone countries, is responsible for monetary policy (i.e. setting interest rates) in the euro zone and for managing the euro.
Finance ministers from the euro-zone countries also meet regularly to discuss economic developments within the single currency area.
The European Commission is responsible for ensuring that countries comply with the rules laid down in the 'Stability Pact', an agreement between EU Member States designed to ensure that inflation is kept under control and that governments do not run up excessive budget deficits which could weaken the euro zone as a whole. The European Court of Justice is the ultimate arbiter of how the Pact should be interpreted.

**Growth and jobs**

In March 2000, EU leaders met in Lisbon and set themselves the goal of making Europe "the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion" by 2010.
Every year, EU Prime Ministers and Presidents hold a special summit in March to assess the progress made in introducing the reforms needed to achieve this goal and to identify the areas where more needs to be done.
While some progress has been achieved through this process – known as the Lisbon Agenda after the city in which it was launched - it is widely acknowledged that the pace of reform has been too slow.
In 2005, half way through the process, EU leaders agreed to refocus their efforts on two key goals: delivering stronger, lasting growth and more and better jobs.

**Employment and social policies**

The drive to create more and better jobs in the EU has been accompanied by a range of measures designed to protect workers' rights and provide equal opportunities for all.
Laws on everything from health and safety at work to a mother's right to maternity leave are aimed at ensuring basic minimum standards and establishing a level playing field in which companies in one EU Member State cannot undercut rivals in another simply by denying their employees such basic rights.
Laws designed to combat discrimination on grounds of sex, race or religion have also been introduced at EU level.
The Union also provides money for a range of initiatives designed to narrow the gap between rich and poor in the Union, with regional funding for EU areas with below-average levels of economic growth now accounting for more than one-third of overall EU spending.

**Consumer policies**

The EU's single market means that its 460 million consumers can shop around the Union to get the best deals on goods and services.

EU consumer policy is aimed at ensuring that shoppers’ rights are protected and that products sold within the single market comply with strict safety standards.
To this end, laws have been adopted at EU level to provide consumers with a set of rights which they enjoy wherever in the Union they are based and wherever they shop.