Introduction

History

Prof. Dr. Herbert Brücker
Today's Lecture

- **Overview on Lecture**
  - Lecture schedule
  - Main themes

- **First lecture: EU History**
  - Why and how European Integration
  - Enlargement rounds
  - Key events
The Lecture: European Economic Integration

Overview on lecture
Theory and Politics of European Integration

Reading


- Some Articles from Journals
Key questions I/III

Bloc 1: History, Institutions and decision-making

- Why did the EU emerge? Why achieved Europe a level of supranational integration which is unique in the world?

- How does the EU operate? Which institutions govern the EU? Are they efficient? What are efficient ways to run supranational institutions?

- How is the decision-making process organized? Is it efficient? What is the right mix between intergovernmental, supranational executive and legislative decision-making? Is the allocation of power fair? What are the consequence for resource allocation?
Key questions II/III

Bloc 2: Integrating goods and factor markets

• Is it efficient to dismantle trade barriers between EU Member States but to maintain vis-a-vis the rest of the world? What are the implications of market integration on efficiency and competition? What is the impact on economic growth? What are the implications for trade and competition policies?

• Is the integration of capital markets efficient? Who are the winners and losers?

• What are the consequences of free labour mobility in a Common Market with large income differences? What is the impact on labour markets in sending and receiving countries and at the EU level? Which groups and countries win, which lose? Does equal treatment result in welfare-shopping?
Bloc 3: Monetary Integration

- Is the EU an Optimum Currency Area? Are asymmetries high? How can the ECB deal with asymmetric shocks?

- How can fiscal discipline be assured in the Monetary Union? What are the strength and weaknesses of the European Growth and Stability Pact?

- What are the causes of the Euro Crisis? Fiscal discipline? Real Estate Bubbles? How can the EU avoid state bankruptcies and bank runs? Do we need monetary transfers? How should we organize them? Is it reasonable that the ECB buys government bonds? Do we need a European banking regulation?

- Should we return to national currencies? If so: How?
<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>19 October</td>
<td>EU History</td>
</tr>
<tr>
<td>2 November</td>
<td>EU Institutions and Decision-making</td>
</tr>
<tr>
<td>16 November</td>
<td>Microeconomics of Trade and Tariffs and Preferential Trade Liberalisation</td>
</tr>
<tr>
<td>30 November</td>
<td>Market Size and Scale Effects</td>
</tr>
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<td></td>
<td>Trade and Competition Policies</td>
</tr>
<tr>
<td>14 December</td>
<td>Economic Growth and Capital Market Integration</td>
</tr>
<tr>
<td>11 January</td>
<td>Migration and Labour Markets</td>
</tr>
</tbody>
</table>
You will find the slides of the lecture on my homepage!
Today's Lecture - Overview

- **Course Overview**
  - Lecture schedule
  - Main themes

- **EU History**
  - Why and how European Integration
  - Enlargement rounds
  - Key events
Today's Reading

- **EU History, Institutions, Decision Making and the Budget**
Why European Integration?

“The desire to avoid another war in Europe”

Berlin, Reichstag, 1945

Berlin, Frankfurter Allee, 1945
Why European Integration?

• **What caused the war? Three answers:**
  - Blame the loser
  - Capitalism
  - Destructive Nationalism

• **Three conceivable post-war solutions:**
  - Neutralise Germany, Morgenthau Plan, 1944
  - Give way to communism
  - Pursue European integration and integrate Germany into the West
    - integrate Germany and France

• European integration prevailed, but this was far from clear in late 1940s
The Iron Curtain - Emergence of a Divided Europe

Cold War begins:

• USSR pushes communism in the East
• UK, French and US zones merged by 1948
• Moves towards creation of West German government
• Berlin blockade 1948
• Strategy shift of the West: “Neutralisation” abandoned, instead west integration with ‘strong’ West Germany
• Hence, demand for (West) European integration
First steps towards integration

Set-up of first intergovernmental institutions

- Marshall plan and Organization for European Economic Cooperation (OEEC) 1948
  - 13 of EU-15 countries joined (excl. Finland and Spain)
  - 12 billion USD 1948-52, two-thirds to GER, FR, UK
  - first attempts to liberalise trade
  - Eastern counterpart CMEA set-up in 1949

- European Payment Union (EPU) 1950-58
  - Bankrupt states, barter trade after 1945
  - EPU: multilateralisation of bilateral deals
  - facilitates trade growth

- ‘Code of Liberalization’: removal of trade barriers
Demand for deeper integration

- Cold-war get more war-like, higher demand for integration
- Rearming Germany
- 1949 creation of West Germany (BRD)
- Fears of strong Germany
- Widespread feeling: best to embed an economically and militarily strong Western Germany in strong international superstructure
- OEEC to weak for this purpose
Two competing roads towards European Integration

Federalism versus Intergovernmentalism:
  • immediate disagreement about depth of European integration
    · federalism – supranational institutions
    · intergovernmentalism – nations retain all sovereignty

Intergovernmental initiatives:
  · OEEC (1948)
  · Council of Europe (1949),
  · European Free Trade Area (EFTA) (1960).

Federal initiatives:
  · European Community for Steel and Coal (ECSC) (1951)
  · European Economic Community (EEC) (1958).
Emergence of Federal approach: Rome Treaty of 1957

- Radical approach towards integration: founding the EEC
- Architect: Jean Monnet
- Six members: BE, FR, GER, ITA, LX, NL
- Four fundamental freedoms of Common Market
  - Free trade in goods
    - Common external tariff (Customs Union)
    - Ensuring undistorted competition
  - Unrestricted trade in services
  - Free mobility of capital
  - Free movement of workers
- Exchange rate and macroeconomic coordination
- Common Agricultural Policy (CAP)
- Omitted: Social integration
1960-1973: Competition of the integration models
Evolution of the two approaches

- Preferential liberalisation in EEC and EFTA proceeded
  - EEC’s customs union and EFTA’s FTA completed by 1968.
- Discriminatory effects emerge, leading to new political pressures for EFTAs and EEC to merge
  - trade diversion creates force for inclusion
  - as EEC enlarges, force for inclusion strengthens
Evolution of the two approaches (cont.)

• When UK decides to apply for EEC (1961), three other EFTA’s also change their minds
  • De Gaulle’s ‘non’ (twice).

• First enlargement, 1973:
  • UK, Denmark, Ireland and Norway (but ref. NO) admitted

• Higher inclusion pressures:
  • remaining EFTAs sign FTA agreements with EEC-9 creating a large EEC-EFTA FTA
The Federalism approach gains ground (mid 1970s)
Euro-Pessimism, 1975-86

• Policy shocks
  • ‘Luxembourg Compromise’ + Enlargement leads to decision-making jam.

• Economic shocks
  • Collapse of ‘Bretton Woods’ system, 1971-1973
  • Failed monetary integration schemes (except with DM)
  • First oil price shock 1973
  • End of post-WWII high-growth period

• Integration problems
  • Growing costs of CAP creates budget frictions
  • Failure of deeper trade integration
Bright spots

- Democracy in Greece, Spain and Portugal
- Greece joined EEC 1981
- Portugal and Spain join 1986 after long accession negotiations
- European Monetary System (EMS) established 1979 and works well
- Budget Treaties
- Cassis-Dijon decision on trade 1979
  - challenged country of origin rule which creates non-tariff barriers
  - replaced by mutual recognition rule
Deeper Integration: Single Market Programme (1985-92)

- Delors launches completion of the internal market with “Single European Act”

- Aim: create “an area without internal frontiers in which the free movement of goods, persons, services and capital is ensured”

- Majority voting rule on Single Market issues
A sketch of the Single Market Programme (SMP)

- **Goods Trade Liberalisation:**
  - streamlining or elimination of border formalities
  - harmonisation of VAT rates within wide bands
  - liberalisation of government procurement
  - harmonisation and mutual recognition of technical standards in production, packaging and marketing.

- **Factor Trade Liberalisation:**
  - removal of all capital controls, and deeper capital market integration
  - liberalisation of cross-border market-entry policies.
Domino effects, part II:

- Deeper integration in EU-12 strengthening the “forces of inclusion” in remaining EFTA countries
- End of cold war loosened reservations among neutral EFTA countries (i.e. AT, SWE, FIN)
- Result of “inclusion forces”
  - European Economic Area (EEA): Extending the Single Market to EFTA countries
  - Applications for membership of all EFTA countries except Iceland and Liechtenstein
  - De facto EEA membership of Switzerland although “no” vote in referendum
- Still two concentric circles, but both deeper
The enlargement rounds ... Founding members

The map shows the historical expansion of the European Union. The year 1958 highlights the founding members of the EU, which include countries such as France, Germany, Italy, Belgium, the Netherlands, Luxembourg, and others. This initial group established the foundation of the European Union, which has since grown to include additional member states.
First Enlargement ...
Second and third Enlargement ... political?
Fourth Enlargement ...
The road leading to Eastern Enlargement

- By the 1980s, Western European system clearly superior due to the creeping failure of planned economies.
  - per capita GDP at PPP in USSR 20 per cent of US
  - Per capita GDP at PPS of GDR 25-50 per cent of FRG
- Up to 1980s, Soviets thwarted reform efforts (economic and military pressure).
- Changes in USSR due to inadequacy of economic system in the Gorbachev era:
  - timid pro-market reforms (perestroika)
  - openness (glasnost).
Velvet revolutions in Central and Eastern Europe

- June 1989: Polish labour movement ‘Solidarity’ forced free parliamentary elections and communists lost
  - Round table government
  - Moscow accepted Polish government
- Moscow’s hands-off approach to the Polish election triggered a chain of events:
  - Reformists in Hungarian communist party pressed for democracy and opened border with Austria, escape route for 1,000s East Germans
  - Mass protests in East Germany; Berlin Wall falls on 9 November 1989
  - Collapse of communist regime in Romania 1989
Collapse of USSR

• 1990: Estonia, Latvia and Lithuania declared independence from USSR

• Failed coup d’etat against Gorbachev 1991

• Collapse of USSR at the end of 1991

• End of cold war without a shot

• But end of military division?
EU reacts

- EU responds swiftly to this geopolitical earthquake by providing state aid, technical assistance etc. to the fledgling democracies

- ‘Europe Agreements’ with selected CEECs
  - Asymmetric removal of trade barriers
  - Extending Generalised System of Preferences (GSP)
  - Promises on deeper integration
  - These countries became later accession candidates
**German unification and Maastricht**

- Pending 1990 unification of Germany opens door to a ‘grand bargain’ (Mitterrand, Kohl).
  - Germany gives up DM for European Monetary Union & East Germany joins the EU without negotiation.
- Jacques Delors proposes 2nd radical increase in European economic integration.
  - the formation of a monetary union.
  - Idea championed by French President Francois Mitterrand and German Chancellor Helmut Kohl.
- Maastricht Treaty, signed 1992
  - a monetary union by 1999, single currency by 2002.
  - Also, sets up EU’s ‘three pillar’ structure to reduce EU’s ‘competency creep;’
EU Eastern enlargement I

From Copenhagen to Copenhagen:

- Copenhagen Summit (Dec. 1992) declares that 10 countries from Central and Eastern Europe and Malta and Cyprus can join the EU in 2004

- Copenhagen criteria for membership
  - stability of institutions guaranteeing democracy,
  - the rule of law,
  - human rights and respect for and, protection of minorities
  - the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union.

- But what guarantees that they are maintained in the long-run (e.g. Hungary, Poland today)?
EU Eastern enlargement II

- Fifth Enlargement started with 10 countries (8+2) at May 1, 2004, and was completed when BU and RO joined at January 1, 2007
  - Cyprus and Malta
  - Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovak Republic, Slovenia
  - Bulgaria and Romania
- Croatia joined 2013
Fifth Enlargement ...

What next?
Who is waiting to join?
Turkey: Candidate forever?
Albania, Serbia, Bosnia, Montenegro, Makedonija, Kosovo?
Next candidates?
Ukraine?
Was the EU prepared for Enlargement?

- Enlargement required from the EU to reform institutions
- Four ties:
  - Amsterdam Treaty 1997
  - Nice Treaty 2000
  - Draft Constitutional Treaty, 2003
  - Constitutional Treaty, June 2004
  - Reform Treaty, 2007
Amsterdam Treaty 1997

- Failed to reform main institutions

- Tieded up for the Maastricht Treaty
  - more social policy
  - more rights for the Parliament
  - flexible integration, more room for national cooperations

- Amsterdam “Leftovers”
  - Voting rules in the Council of Ministers
  - Number of Commissioners
  - Extension of majority voting
Theory and Politics of European Integration

Nicola Treaty

• Reform of main institutions, but poorly done
  • Council voting rules highly complex and reduce EU’s ability to act with more members
  • No important extension of majority voting
  • Make shift solution for Commissioners
  • No reform of decision making in ECB

• Generally viewed as a failure
• Main changes re-visited in draft Constitutional Treaty, 2003
Constitutional Treaty

- Reform of decision making rules
  - More rights for Parliament
  - Slightly more majority voting

- Inclusion of Charter of Human Rights

- A lot of other things, which a Constitutional Treaty not necessarily requires
  - Many gestures (social rights etc.)
  - Moves towards more coherent foreign policies, increased competencies of EC
  - Many de facto points turned into de jure
EU pessimism before the crisis

- Failure of Constitution in referendum (FR, NL)
- Failure of Lisbon Treaty in Ireland
- Declining approval rates of EU in all member states
- Increasing disagreement with core EU values in NMS, particularly in Poland, Czech Republic and Hungary
- Increasing tensions between federalist and intergovernmental approach
- Increasing tensions on foreign policies (e.g. Iraq war)
- Disagreement on accession of candidate countries, particularly Turkey
- But ‘YES’ in second referendum in Ireland on Lisbon Treaty
- Lisbon Treaty eventually ratified 2009
The financial crisis and the EURO crisis

- Financial crisis and global downturn with a GDP loss of 4 percent in Eurozone 2008/09, only modest recovery in most countries (except DE)
- High and increasing deficits, i.e. many countries either violate since 2008 3 percent deficit criteria and/or stock deficit criteria of 60 per cent of GDP (average today: 80 per cent of GDP)
- But EU Treaties allow violation of fiscal deficit criteria in case of extraordinary macroeconomic shocks
- Real estate bubble has created private sector debt problem, spill-over to public sector through bank bailouts (e.g. Ireland, Spain)
- Large and unsustainable budget deficits in some countries (Greece)
Collapse of Eurosystem?

- Greece surprises with dramatic violation of fiscal criteria in 2010
- High and increasing interest rate spreads in Greece, Ireland, Spain and Portugal (PIGS)
- Risk of fiscal failure of Greece and other countries and collapse of European and global finance system
- Bailout of Greece and de facto transfer union
- Bailout of other countries was at stake (Italy, Ireland, Spain)
- Transfer umbrella of meanwhile 440 billion EUROs which might increase to 1,000 billion EUROs
- Credit ratings have been reduced even in PIGS, seemingly stable countries have been affected as well (e.g. France)
Is the EURO crisis over?

- 2012 Announcement of ECB-president Draghi ("whatever it takes ....") to buy government bonds calmed down the situation
- Declining interest spreads on long-term government bonds
- Stabilization of economic situation in most crisis countries, but no return to substantial economic growth. Some countries still in recession
- Economic recovery in Germany, Austria, Netherlands and most Scandinavian countries, recently UK
- Ireland left umbrella
- Stabilization of Spain and Portugal with modest growth rates
The Greek crisis

- Deficit of 104% of GDP at EURO accession
- Increase to 130% in course of financial crisis 2009
- Current deficit of 12.7% instead of reported 3.7%
- Large rescue package incl. credits of 109 bn EURO by EFSF and IMF, plus 37 bn EUROs by private debtors
- Debt package was linked to tight savings and reform program
- GDP declined by 30 per cent, unemployment rate climbed to 27 per cent
- Syriza led coalition government came in power 2015
- Dramatic renegotiation of debt package, 80 bn EUROs and tight saving and reform program
- Was adopted in Greek parliament, Syriza government reelected
Outlook

- Banking regulation pending
- Reform of EU treaties regulating new transfer mechanisms and redefining the role of the ECB is pending as well
- New rules for the growth and stability pact (zero debt target)
- Coordination of social policies
- Paradoxically, the Eurocrisis may lead to deeper integration
The refugee crisis I

- About 65 million refugees world-wide, 20 million in other countries
- Most conflicts in EU neighbourhood
- EU and Member States signed Geneva Convention
- Dublin agreements failed
  - first save third countries have to take care of refugees
  - implies that countries at EU borders have to bear all costs
  - refugees are not registered there and motivated to migrate to Germany and some other countries
  - ‘race-to-the-bottom’ in standards
- No majority for quota system and other distribution system of refugees and/or costs
The refugee crisis II

- Refugee crisis is good example for coordination failure
- National asylum policies create strong incentives for ‘race-to-the-bottom’ in humanitarian standards
- Countries have either the alternative to maintain levels and receive a large share of the burden or to reduce standards as well
- This would call for coordination at EU-levels, but difficult to implement, since it would create losers relative to the status quo
- Common denominator so far: Closing external EU-borders via agreements with Turkey and Northern Africa
- Open question: humanitarian component, e.g. refugee quotas (“relocation and resettlement programs”)
Brexit

- Referendum on EU-membership voted 52:48 for “Leave”
- Free movement of workers, EU product market regulation, EU decision-making and bureaucracy main topics in debate
- Formally, exit negotiations start when UK makes a formal announcement
- Exit agreement has to be ratified by EU Commission, EU parliament and all EU Member States
- If there is no exit agreement, UK will leave the EU and has same status as third countries
- Controversial issues: free movement of workers, EU “passport” guaranteeing financial market access for third-country banks settling in the City of London, financial contributions, product market regulation, special access for Republic of Ireland, among others
Concluding remark

- European integration was always a construction side with cycles of crisis and deeper integration
- Eventually, deeper integration prevailed from the long-term perspective
- At present, it is the first time of the EU history where disintegration forces look stronger than integration forces, given that the crisis has multiple dimensions
  - Economic: EURO crisis
  - Coordination failures: Refugee crisis, Trade Agreements
  - Political: Mounting nationalism, missing legitimacy of EU decision-making
  - Brexit: First time that a country decided to leave the EU
NEXT LECTURE: November 2

• Begin: 15:30 hours

• EU institutions and decision making

• Reading: Baldwin/Wyplosz, Chapter 2 + 3

• Lecture should be on my web page:

   http://www.uni-bamberg.de/?id=28672

THANKS FOR YOUR ATTENTION!
Backup: EU chronology
### EU Chronology I/III

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<th>Year</th>
<th>Date</th>
<th>Event</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1948</td>
<td>16 April</td>
<td>OEEC</td>
<td>Organisation for European Economic Cooperation (OEEC) established.</td>
</tr>
<tr>
<td>1950</td>
<td>8 May</td>
<td>Schuman Plan</td>
<td>French Foreign Minister Robert Schuman proposes the establishment of the European Coal and Steel Community (ECSC). The idea is inspired by Jean Monnet's vision of building Europe step by step. 9 May is celebrated as the Day of Europe.</td>
</tr>
<tr>
<td>1952</td>
<td>1 January</td>
<td>ECSC</td>
<td>The ECSC is established for 50 years, celebrated in 2002.</td>
</tr>
<tr>
<td>1952</td>
<td>27 May</td>
<td>EDC</td>
<td>The Six sign the Treaty establishing the European Defence Community (EDC). The project fails as the French National Assembly rejects the Treaty in 1954.</td>
</tr>
<tr>
<td>1953</td>
<td>9 March</td>
<td>EPC</td>
<td>A plan for the European Political Community (EPC) is published.</td>
</tr>
<tr>
<td>1960</td>
<td>21 July</td>
<td>EFTA</td>
<td>European Free Trade Association (EFTA) is established by the Stockholm Convention among Austria, Denmark, Norway, Portugal, Sweden, Switzerland and the UK. EFTA begins 2 May 1960.</td>
</tr>
<tr>
<td>1966</td>
<td>3 January</td>
<td>Luxembourg Compromise</td>
<td>De facto vindicated the Treaty of Rome's majority voting procedures.</td>
</tr>
<tr>
<td>1958</td>
<td>1 July</td>
<td>CU completed</td>
<td>Customs union is completed within the EEC and a common external tariff is established.</td>
</tr>
<tr>
<td>1960</td>
<td>1–2 December</td>
<td>PRC 2nd round</td>
<td>The Treaty of Rome establishes the European Economic Community (EEC). EEC leaders agree to establish an Economic and Monetary Union (EMU), to be implemented by 1999.</td>
</tr>
<tr>
<td>1972</td>
<td>22 July</td>
<td>EC–EFTA FTAs</td>
<td>Free trade agreements (FTAs) signed with Austria, Iceland, Portugal, Sweden and Switzerland.</td>
</tr>
<tr>
<td>1973</td>
<td>1 January</td>
<td>First enlargement</td>
<td>Greece joins.</td>
</tr>
<tr>
<td>1975</td>
<td>6–7 July</td>
<td>EMS founded</td>
<td>Brussels European Council establishes the European Monetary System (EMS) and the European currency unit (ECU).</td>
</tr>
<tr>
<td>1981</td>
<td>1 January</td>
<td>Second enlargement</td>
<td>Greece joins.</td>
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## EU Chronology II/III

<table>
<thead>
<tr>
<th>Year</th>
<th>Date</th>
<th>Event</th>
<th>Explanation</th>
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</thead>
<tbody>
<tr>
<td>1986</td>
<td>1 January</td>
<td>Third enlargement</td>
<td>Spain and Portugal join.</td>
</tr>
<tr>
<td>1990</td>
<td>1 July</td>
<td>EMU stage 1</td>
<td>First stage of Economic and Monetary Union (EMU) begins.</td>
</tr>
<tr>
<td>1990</td>
<td>30 October</td>
<td>Germany unites</td>
<td>Germany is united as the former German Democratic Republic Länder join the EEC.</td>
</tr>
<tr>
<td>1991</td>
<td></td>
<td>First Europe Agreements</td>
<td>EC signs Europe Agreements with Poland, Hungary and Czechoslovakia; Europe Agreements for other CEECs signed by 1995.</td>
</tr>
<tr>
<td>1992</td>
<td>7 February</td>
<td>Maastricht Treaty</td>
<td>Treaty on European Union is signed in Maastricht, creating the EU. Treaty enters into force 1 November 1993 after a difficult ratification process in Denmark.</td>
</tr>
<tr>
<td>1992</td>
<td>2 May</td>
<td>EEA</td>
<td>Single Market de facto extended to EPTAs via the European Economic Area (EEA).</td>
</tr>
<tr>
<td>1993</td>
<td>21–22 June</td>
<td>CEECs can join when ready</td>
<td>EU leaders decide CEECs with Europe Agreements can join when they meet the ‘Copenhagen criteria’.</td>
</tr>
<tr>
<td>1994</td>
<td>1 January</td>
<td>EMU stage 2</td>
<td>The second stage of EMU begins.</td>
</tr>
<tr>
<td>1994</td>
<td>9–10 December</td>
<td>Plan for eastern enlargement</td>
<td>EU agrees strategy on eastern enlargement.</td>
</tr>
<tr>
<td>1995</td>
<td>1 January</td>
<td>Fourth enlargement</td>
<td>Austria, Finland and Sweden join the EU.</td>
</tr>
<tr>
<td>1997</td>
<td>2 October</td>
<td>Amsterdam Treaty</td>
<td>Treaty signed; comes into force 1 May 1999.</td>
</tr>
<tr>
<td>1998</td>
<td>1–2 May</td>
<td>The euro</td>
<td>EU leaders decide 11 to join Eurozone (Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain).</td>
</tr>
<tr>
<td>1999</td>
<td>1 January</td>
<td>EMU stage 3</td>
<td>Euro becomes a currency in its own right; only electronic currency until January 2002.</td>
</tr>
<tr>
<td>2000</td>
<td>7–9 December</td>
<td>Nice Treaty</td>
<td>Treaty is signed; comes into force 1 February 2003.</td>
</tr>
<tr>
<td>2002</td>
<td>1 January</td>
<td>Euro cash</td>
<td>Euro notes and coins circulate.</td>
</tr>
<tr>
<td>2003</td>
<td>20 June</td>
<td>Draft Constitution</td>
<td>EU leaders accept the Giscard d’Estaing’s draft Constitution as starting point for EC.</td>
</tr>
<tr>
<td>2003</td>
<td>13 December</td>
<td>Draft Treaty rejected</td>
<td>European Council fails to adopt the Italian draft of the Treaty. IGEC continues.</td>
</tr>
</tbody>
</table>
### EU Chronology III/III

<table>
<thead>
<tr>
<th>Year</th>
<th>Date</th>
<th>Event</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>1 May</td>
<td>Eastern enlargement</td>
<td>Ten new members join (Poland, Hungary, Slovakia, Czech Republic, Slovenia, Estonia, Latvia, Lithuania, Malta and Cyprus).</td>
</tr>
<tr>
<td>2004</td>
<td>18 June</td>
<td>Constitutional Treaty signed</td>
<td>Treaty signed; ratification begins.</td>
</tr>
<tr>
<td>2005</td>
<td>30 May</td>
<td>French and Dutch reject Constitution</td>
<td>Constitution rejected; 62% of Dutch voters reject and 55% of French.</td>
</tr>
<tr>
<td>2007</td>
<td>1 January</td>
<td>Second eastern enlargement</td>
<td>Bulgaria and Romania join the EU. Croatia, the Former Yugoslav Republic of Macedonia and Turkey are also candidates for future membership.</td>
</tr>
<tr>
<td>2008</td>
<td>12 June</td>
<td>Irish reject Treaty of Lisbon</td>
<td>Irish voters reject the Lisbon Treaty in a referendum.</td>
</tr>
<tr>
<td>2009</td>
<td>October</td>
<td>Irish accept Lisbon Treaty</td>
<td>Two-thirds of Irish vote ‘yes’.</td>
</tr>
<tr>
<td>2009</td>
<td>January to October</td>
<td>EU crisis</td>
<td>Ireland nationalizes heavily indebted bank and Greece announces its debt and deficit positions are much worse than thought.</td>
</tr>
<tr>
<td>2010</td>
<td>May</td>
<td>Greek bailout</td>
<td>Greece is forced to take emergency loans from EU nations and the IMF.</td>
</tr>
<tr>
<td>2010</td>
<td>November</td>
<td>Irish bailout</td>
<td>Ireland follows Greece.</td>
</tr>
<tr>
<td>2011</td>
<td>May</td>
<td>Portuguese bailout</td>
<td>Portugal requires emergency loans.</td>
</tr>
<tr>
<td>2012</td>
<td>July</td>
<td>Spanish bank bailout</td>
<td>Spanish banks require emergency loans.</td>
</tr>
<tr>
<td>2012</td>
<td>July</td>
<td>Draghi statement</td>
<td>ECB President Mario Draghi says the ECB will do whatever it takes to resolve the Eurozone crisis and interest rates start to converge.</td>
</tr>
<tr>
<td>2013</td>
<td>May</td>
<td>Cyprus bailout</td>
<td>Cyprus is forced to default on large depositors in its banks and enter into an IMF programme for restructuring.</td>
</tr>
</tbody>
</table>