

Report on the European Union

Advantages of UK membership to the European Union cover many fields from the businesses in the UK to British consumers and students. Membership benefits UK businesses because it makes trade between member states quicker and cheaper. This is because the EU is a customs union/ single market. This means that a business in the UK can export its goods and services to other EU member states and those goods and services will not have a tax tariff imposed on them. For example, America, a non-EU member, imposes a tariff on cars being imported from the UK. However, Germany, an EU member, does not impose a tariff on British cars being imported. Like wise the UK does not impose tariffs on German imports or on imports from any of the member states. This leads to more competition, more free trade and comparative advantages.

The membership of the UK also benefits consumers because of the customs union / single market. British consumers will have cheaper prices, higher quality and more variety of goods from the increased EU competition. The consumer will also benefit from food and health and safety standards. For example, all goods that are produced in the European Union must now carry "best before" markings, price indicators and a list of ingredients, colourings and additives that they contain. In addition to this the consumer will not have to worry if a British product is safer to consume than a French product because all countries have more or less the same rules, this creates a level playing field for all manufacturers. Another process called mutual recognition means that all member states have more or less the same laws about food, immigration, safety etc. For example food prepared in England will undergo the same procedure, as in Denmark or that a tourist from Thailand will face the same rules in Spain as in England. This makes consumers feel safer and leads to a single market. The membership of the UK also benefits British students. It allows students to be educated, be trained or work in member states. More than 10,000 UK university students a year are taking advantage of the opportunity to study in another member state and over 830,000 young people from across the EU have studied, trained or worked in another member state.

Although advantages and benefits of membership are in the paragraph above, there are also costs of being a member of the world's largest trading block. One cost is partly being controlled by the EU. The UK must abide by laws set by the other states and if it breaks these rules it faces punishment and possible fines. Another cost is that the UK does not always achieve what it wants from the European Union. For example Britain might want to impose a new law on immigration practices, but some other countries might disagree on Britain's views. This way it takes longer for decisions to

be met because 25 countries have to agree on one issue. There is also a financial cost of being a member to the EU. The financial cost for being a member to date is over £100bn. This money could be invested in other sectors of the economy, such as healthcare or education.

The European Union has its own budget and spends this mainly in two sectors of economy. The sector that benefits most from the budget is the agricultural sector. In the year 2004-2005 the agricultural sector accounted for 44% of spending of the overall budget. Most of the money given to the agricultural sector goes into subsidising farmers and the products they manufacture. This occurs because people who used to work in farms found out that working in an urban job gave better wages. The subsidies therefore attract more people to work on the farms and to assist in creating produce from their animals. The budget is also spent on EU funding. This means giving money to projects. This year 33 billion euros were spent on EU funding. A project which benefits from EU funding is "Equal". This project aims to combat all forms of discrimination in the labour market. European Union funding helps people from all countries in the world and not just member states. Another form of funding is funding in areas of the EU. A good example of this is South Wales. In times before, the main industry in south Wales used to be coal mining. In Margaret Thatcher's leadership the mines closed and the area started to become run down. The EU then offered funds / cash lumps to companies who would locate in South Wales. A German company, Bosch, took up the offer and located to the region and creating jobs. Ancillary firms then located near the Bosch factory to create the components needed to manufacture the products for Bosch.

In the 1992 Process one of the main aims was to harmonise. Harmonisation means that the EU states agreed on the same set of rules to regulate trade across the whole of the EU. This benefits the EU members because it is easier to export and import things to other countries due to all the countries having the same laws. This also leads to a unified or single market. This means that once a product is in EU territory it is not checked again if it travels through another member state. This benefits the business because it allows for quicker transportation of goods and services. However, harmonisation can also be a bad thing. Since harmonisation in the EU occurred it led to more drugs and illegal immigrants circulating throughout the member states. Although all countries must abide by the same laws, some countries are less strict than others. If an illegal immigrant gains access to a member state he has gained access to all member states. A good example of this can be seen between England and France. There have been many problems with immigrants and drugs coming to England using the Channel Tunnel train systems.

The European Monetary Union or the Euro is a currency that is offered to all member states. Those member states that wish to take it must stop using their current currency and start using the Euro. The only countries not to

have started using the Euro so far are: England, Denmark and Sweden. These countries have not opted to change to the Euro because the countries don't find it of particular importance. To evaluate the importance of the Euro to the UK, the benefits and costs must be analysed. If the benefits outweigh the costs then the Euro is important. A benefit of the Euro is that different currencies do not exist thereby eliminating any exchange needed when travelling to a different country. This is also beneficial because it saves time usually taken for money to be exchanged. Another benefit of the Euro is that it is easier to compare prices in different countries. For example if shoes cost 30 Euros in Germany but only 20 in Austria it is easier to compare the price than if shoes in Denmark cost 300 Kroner and shoes in England cost 20 Pounds Sterling. The UK would also benefit because more member state companies / firms are likely to locate in the UK if it were to adopt the same currency as other member states. If the UK has a different currency then all earnings from a foreign firm have to be exchanged, taking more time and money.

The cost of the euro is that all of the currency in circulation has to be returned to the bank of England and Euro notes and coins have to be produced. Consumers have to return all money back to banks to be exchanged by a certain date. If the money does not reach the bank on time then the money is not accepted and is worthless. Another cost of joining the euro is that all businesses have to change their tills and payment systems to accommodate the new currency. A good example of this is bank ATM machines and vending machines. All the machines in the nation have to be reprogrammed and all the money has to be changed. Another cost is that the government cannot change the interest rate to control the economy. It would make the economy of the UK similar and maybe identical to some of the other member states. Although this makes fair competition it is not so good for the British economy. The British government does not think that the Euro is important therefore they have not adopted it as their currency. However in my opinion I think that the current currency is only beneficial to the business whereas the Euro is beneficial to both the consumer and the business.

The social chapter was introduced to set minimum standards for workers in the member states. The social chapter has affected UK labour mostly in a positive way. The social chapter laid out rules on; maximum hours to work in a week, minimum pay, holiday rights and maternity / paternity leave. The maximum hours to work a week in the United Kingdom are 48. This means that employees do not have to work after these hours. If workers want to work after these hours they are given overtime bonus added to their wage packet. The minimum pay is a base pay that each worker must receive per hour of work. Most companies offer its employees higher wages than the minimum wage to attract more employees. Specialised humans such as lawyers often get a lot more than the minimum wage. Labourers usually get paid higher than the minimum wage because the job they do is dirty, labour intensive and difficult. In the year 2000 the minimum wage was £3.50 but in October 2005 it became £5.05. In addition to the above two rights all workers must receive a minimum of four weeks holidays per year. This right was

introduced to give workers the rest they deserved from their jobs. It affects labourers, especially, because a holiday is a big contrast to the labour intensive job they do. Finally a maternity / paternity leave is granted to parents of a newborn baby. The usual allowance for maternity / paternity leave is approx. 14 weeks. The employee who takes the leave is usually paid and is guaranteed his / her job back when returning from the leave. If a firm breaks any of the rules of the social chapter they could be taken to court and might have to pay fines and / or reimburse the affected employee. All in all these rights are welcomed hugely by labourers.