

EUROPE

From an Economic Perspective

September 17, 2019

Players

1. Akshay Shrimali - 16ucs025
2. Charu Gupta - 16ucs054
3. Kalpit Mantri (wk) - 16ucs086
4. Paresh Mishra (injury) - 16ucs123
5. Sarthak Gupta - 16umm019
6. Shubham Saboo - 16ume048

European Economy

- Comprises more than 740 million in 50 different countries.
- Higher GDP than world's average.
- Of the top 500 largest corporations measured by revenue
(Fortune Global 500 in 2010)
 - 184 have their headquarters in Europe
 - 161 are located in the EU, 15 in Switzerland
 - 6 in Russia, 1 in Turkey, 1 in Norway.



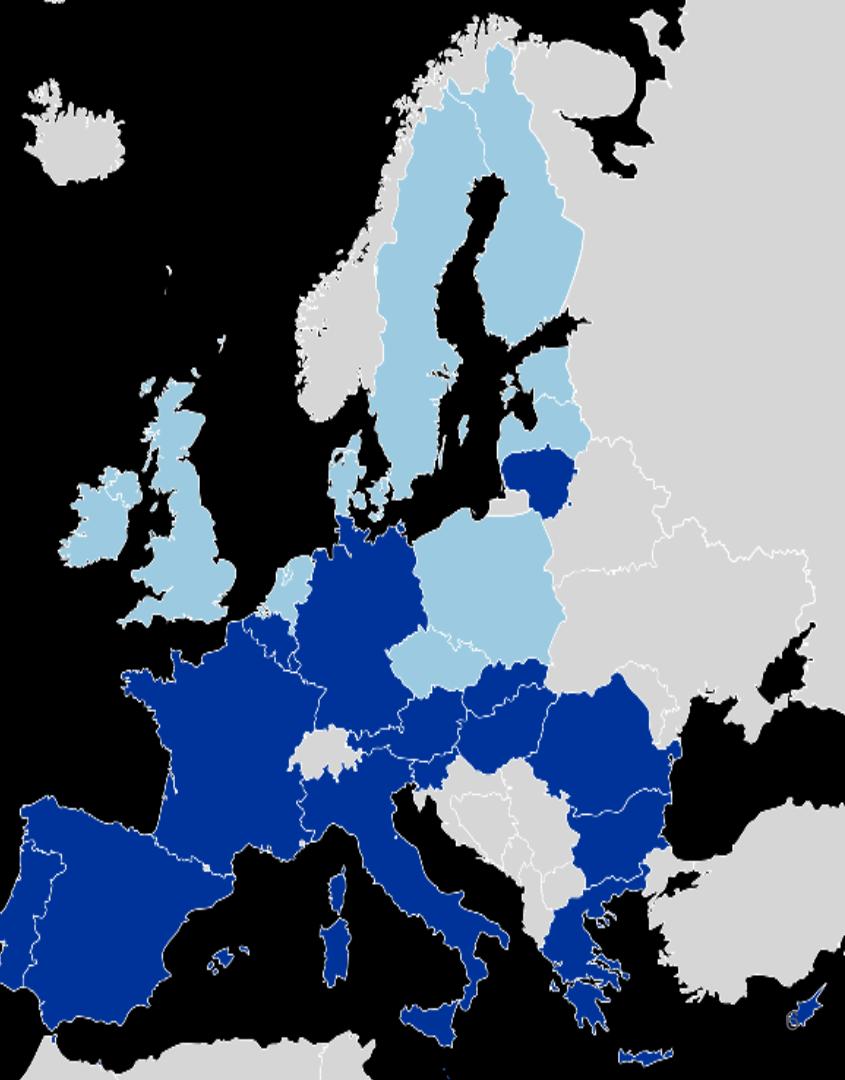
THE EUROPEAN UNION

-  Original members, 1993
-  Joined in 1995
-  Joined in 2004
-  Joined in 2007
-  Joined in 2013
-  Candidate countries



European Union

- Eliminates all border controls
- Free flow of goods.
- Freedom of movement across countries.
- Citizens of the members countries are EU citizens as well.



A photograph of a street in a European town. On the left, there's a building with large windows covered in green ivy. A woman in a blue top and dark pants is riding a white bicycle on the sidewalk. Several cars are parked along the curb. In the background, there are more buildings, including a shop with a sign that says "SCHOT".

Belgium

The Netherlands

Why EU formed?

- Threat from US.
- To increase the market size.
- Promote peace.
- Encourage technological and scientific developments.

Schengen Area

Switzerland

European Economic Area (EEA)

Iceland, Norway & Liechtenstein

European Union (EU)

Denmark, Sweden, Czech Republic,
Hungary Lithuania, Latvia

United Kingdom, Croatia,
Bulgaria, Romania,

Eurozone

Germany, France, Italy, Spain,
Netherlands, Greece, Belgium, Portugal,
Austria, Slovakia, Finland, Slovenia,
Estonia, Luxembourg, Malta, Poland

Cyprus, Ireland

Industrialization

- 1712 – First steam engine is invented
- 1757 – British victory in the Battle of Plassey
- 1764 – Invention of the Spinning Jenny
- 1771 – Richard Arkwright opens his first factory at Cromford
- 1789 – Samuel Slater leaves for America
- 1794 – Eli Whitney patents the cotton gin
- 1844 – Nomination of Henry Clay for U.S. President is telegraphed
- 1855 – Bessemer process for extracting steel is discovered
- 1859 – Étienne Lenoir makes a successful internal combustion engine
- 1901 – Ransom Eli Olds introduces Modern Assembly Line

The Rise Of Europe - Colonisation

Reason for European interest in Africa is the industrialization:

- Opportunity to acquire a surplus population.
- Africa had an abundance of raw materials.
- Europeans acquired products like oil, ivory, rubber, palm oil, wood, cotton and gum.

Environmental Degradation Due to Industrialization

- Air pollution
- Water pollution
- Deforestation
- Acid rain
- Global Warming

Cumulative global radiative
forcing due to emissions from regions

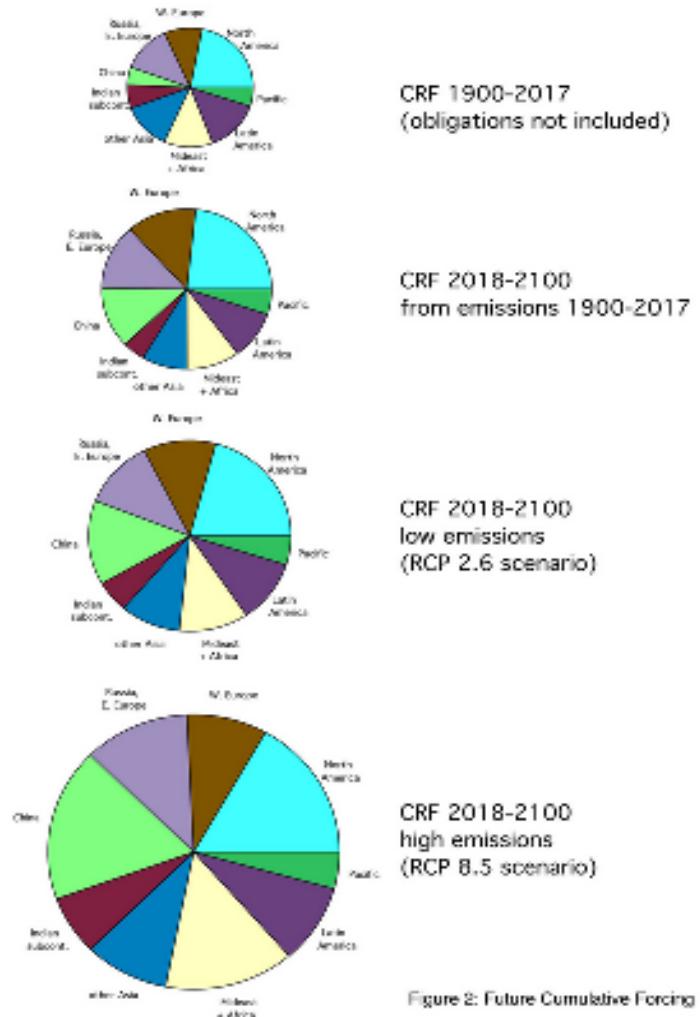
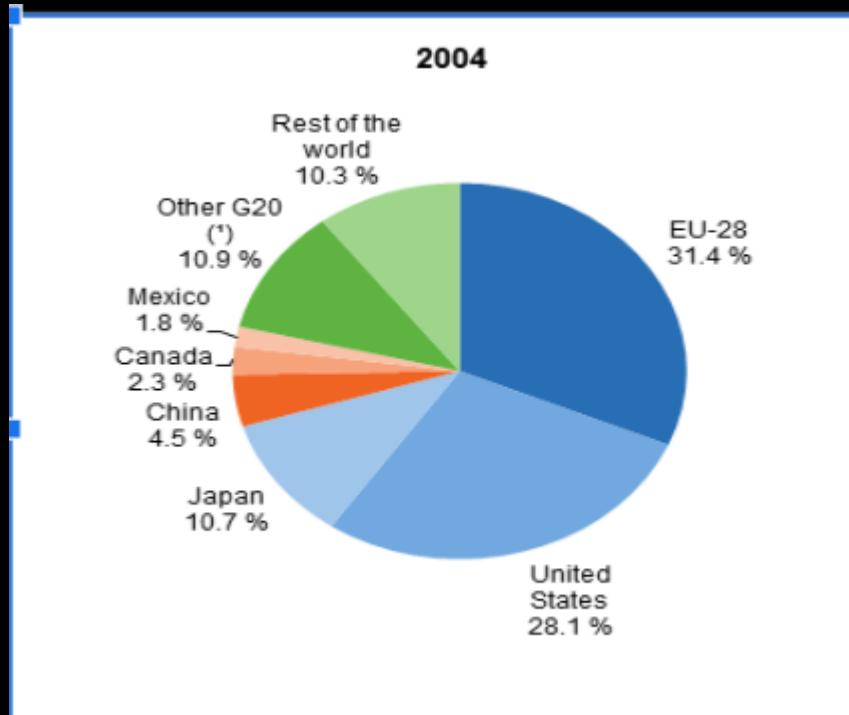
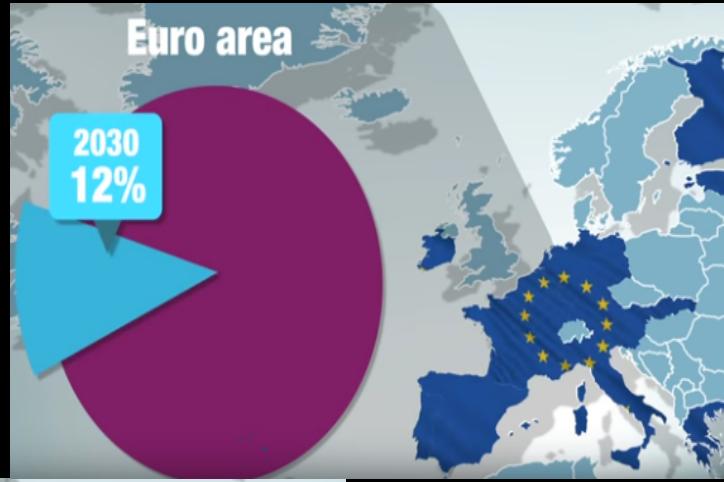


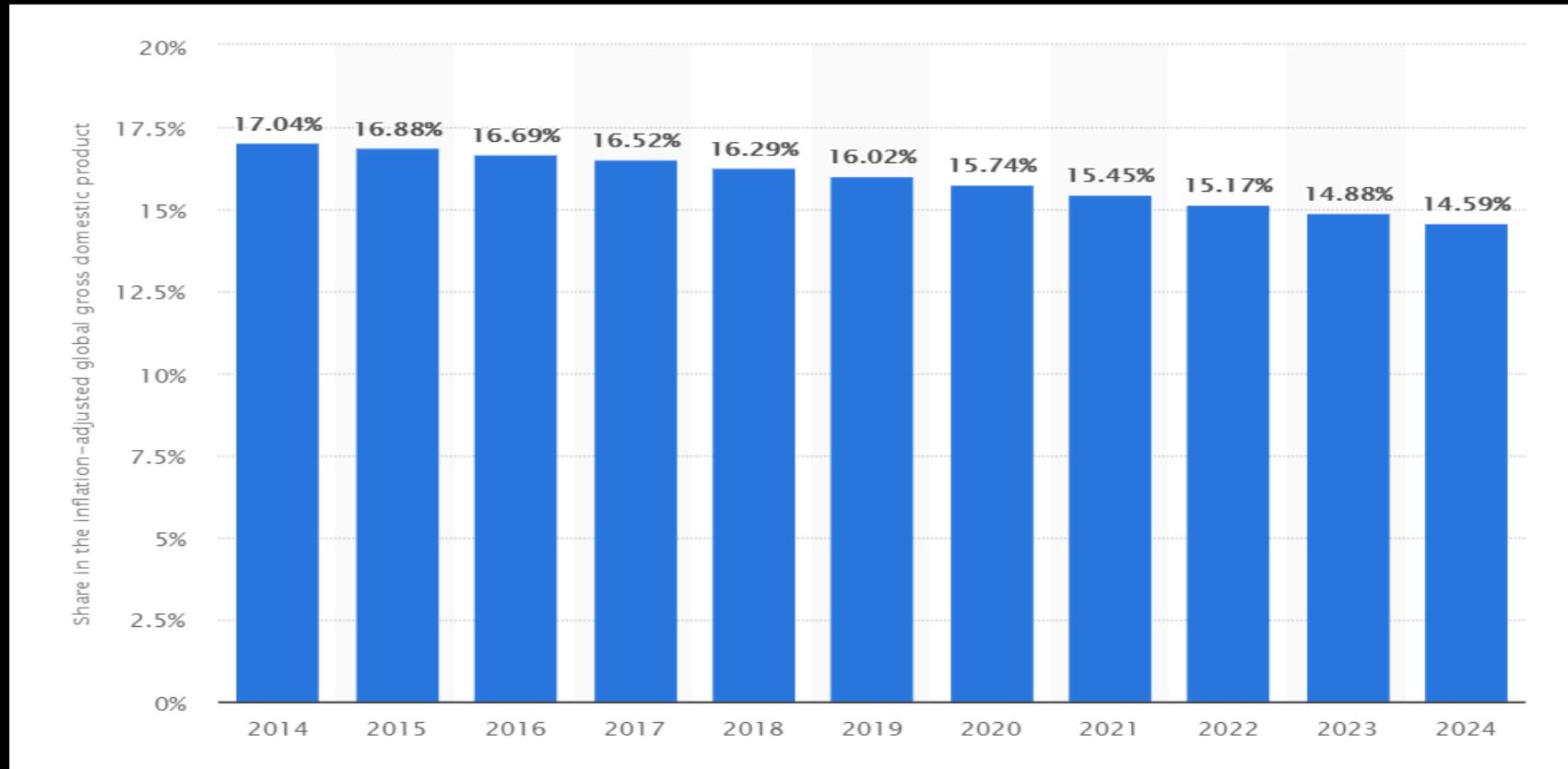
Figure 2: Future Cumulative Forcing

Share of World GDP

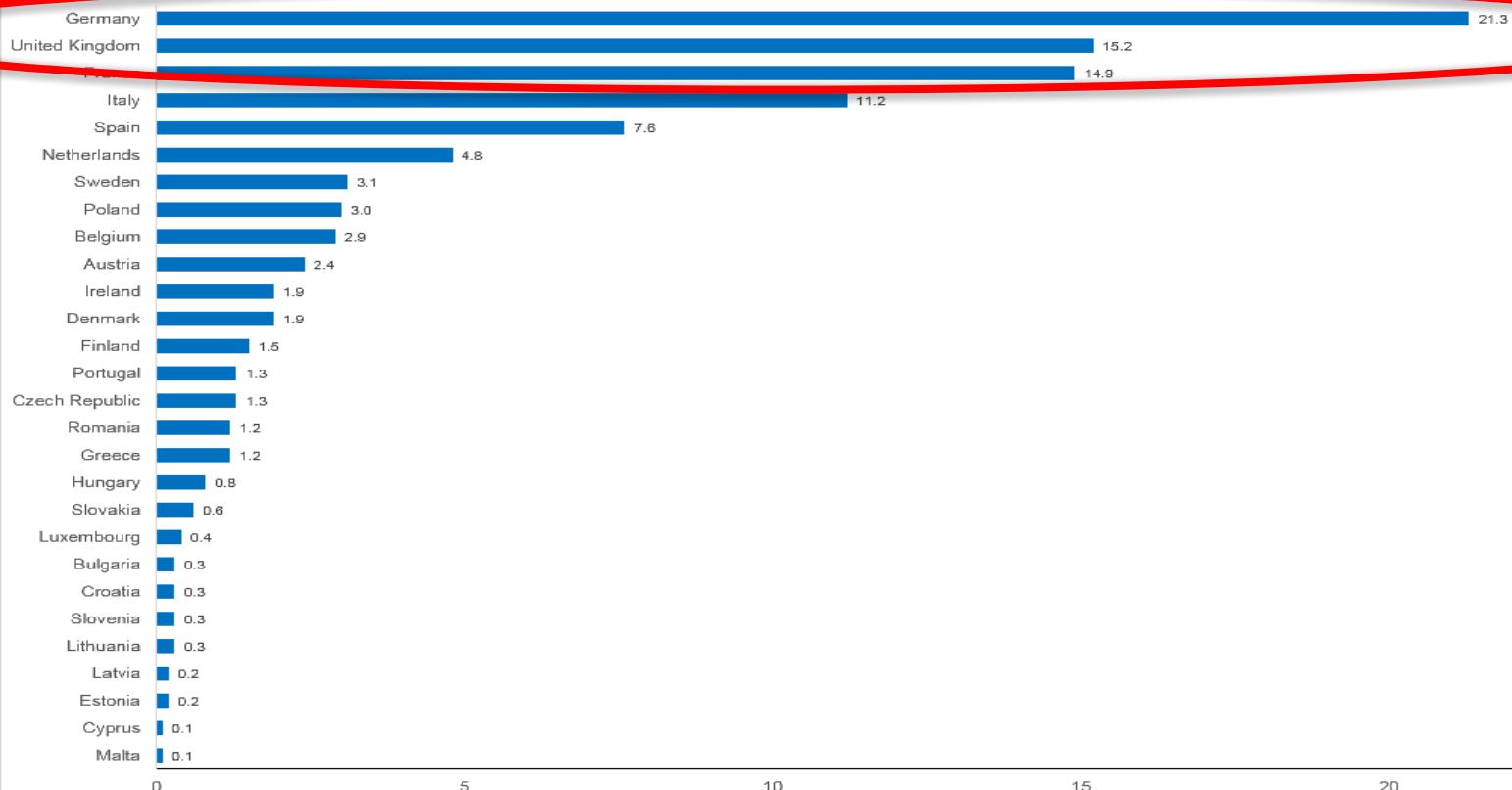




European Union: share in global gross domestic product based on purchasing-power-parity from 2014 to 2024



Share in EU GDP total, 2017 (%)

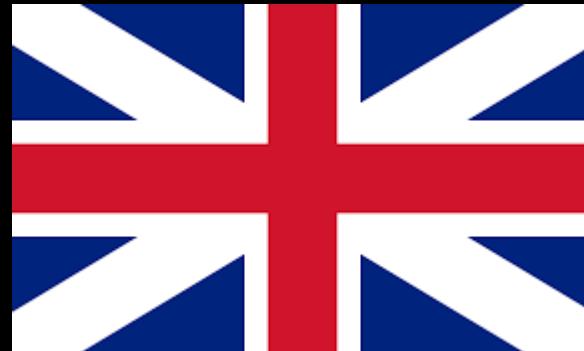


Major Economies of the EU

The 2 Major Nations of EU are :



Germany



UK

Germany

- The industrial revolution in germany occurred a century later than in England,France & Belgium partly because Germany only became a unified country in 1871.
- From 1895 to 1907:
 - No. of workers doubled from half a million to a million
 - Drastic migration of population from rural to urban area
- By 1900, Germany surpassed Britain and US in the steel production.

Germany

Hyperinflation to Strongest

Economy Before Nazi Control:

- 6 Millions Unemployed
- Almost bankrupt from WW1 debts
- By 1935
 - Nearly 17 millions were in high order job
- In the span of four years, Nazi Germany

Bankrupt Economy → Strongest Economy

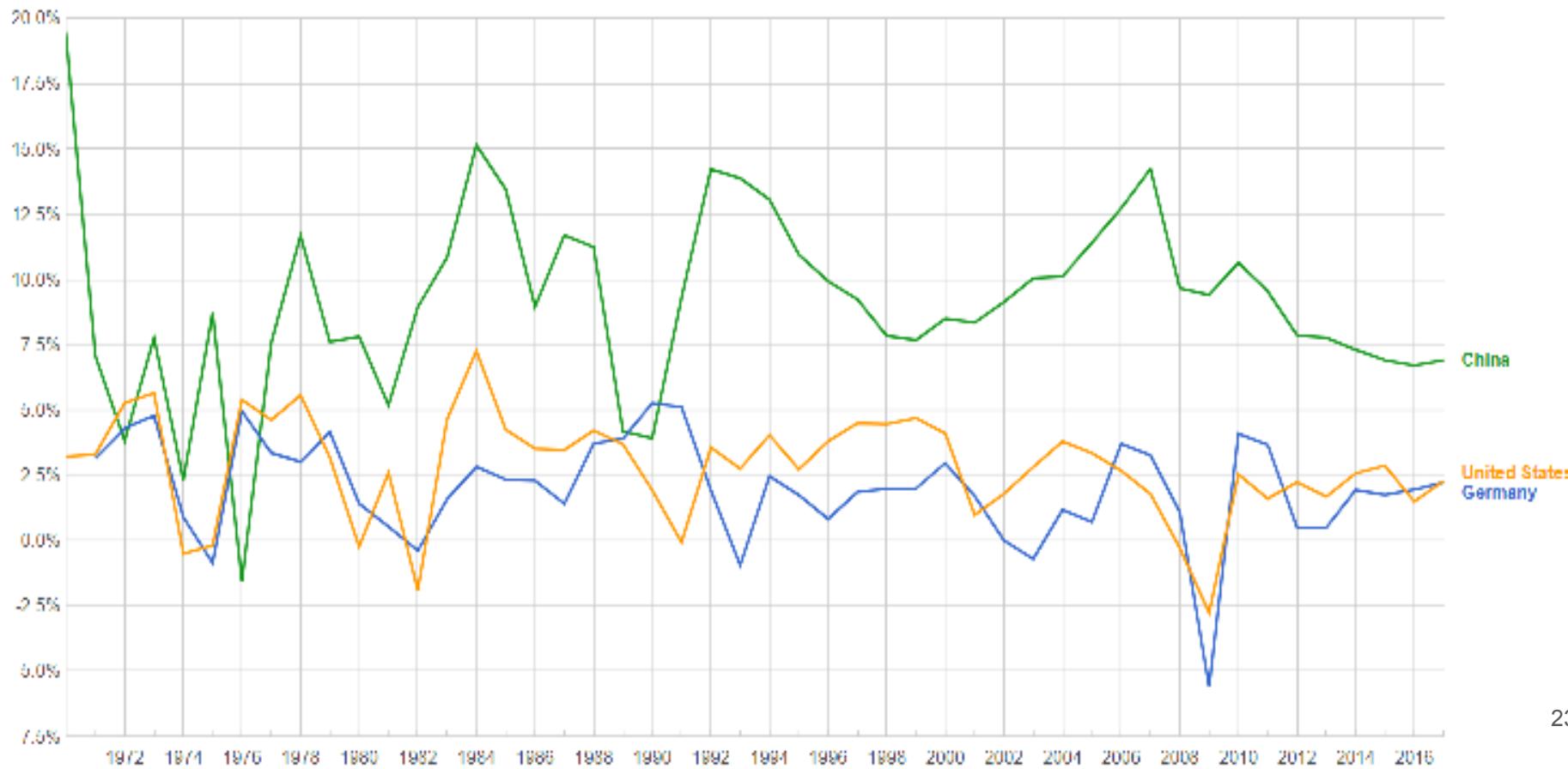
Germany: After World War II

- At the end of World War II, much of Germany was in ruins.
 - Housing stock was reduced by 20%.
 - Food production reduced to half.
 - Industries fall to $\frac{1}{3}$ rd.
- By 1989, Berlin Wall fell.
 - Germany reunited.
 - Became third biggest economy in the world.

What drove the German Economic Miracle ?

- After the end of World War II, most of the European countries were facing economic crisis like Germany.
- But only German emerged as an Economic Power, not any other European.
- National Pride.

GDP Growth Rate



Natural Resources in Germany

Germany had relatively few domestic natural resources.
Globally, the country is:

- A leading producer of lignite.
- The seventh largest producer of crude steel.

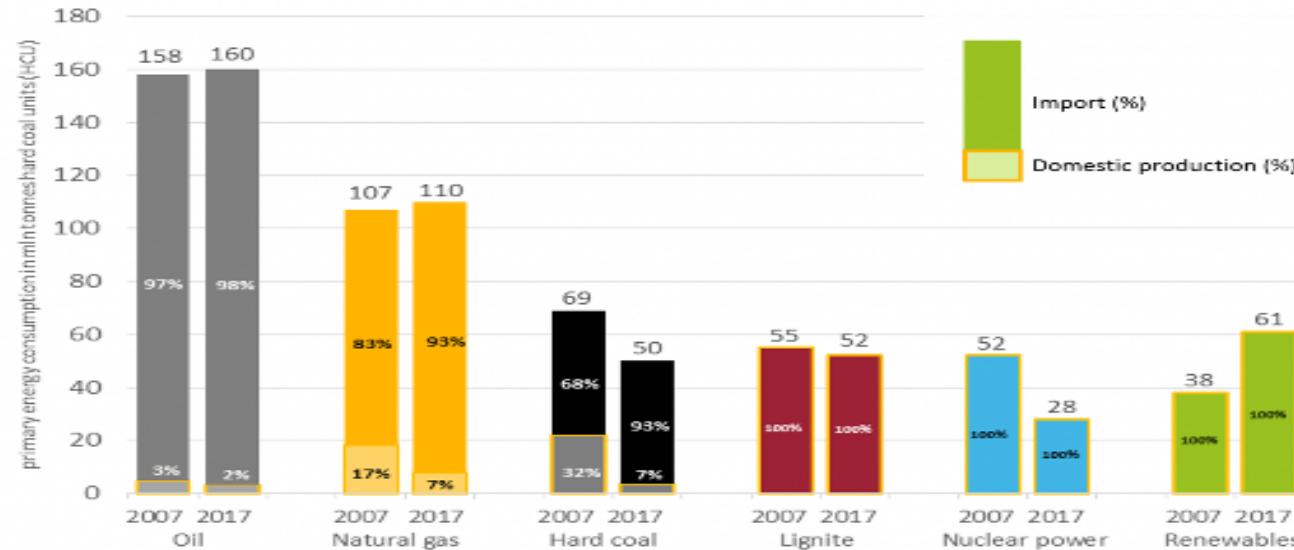
Major Sources of Energy in Germany

- Nuclear and coal energy domestically produced.
- In 2015 Germany imported 35% of its gas from Russia. About the same amount, 34%, came from Norway. 29% came from The Netherlands.
- **Energiewende-** Ambitious renewable energy expansion program.

Future Aspects of Natural Resources in Germany

Import dependency by primary energy source 2007 and 2017 for Germany.
Data: BGR 2019.

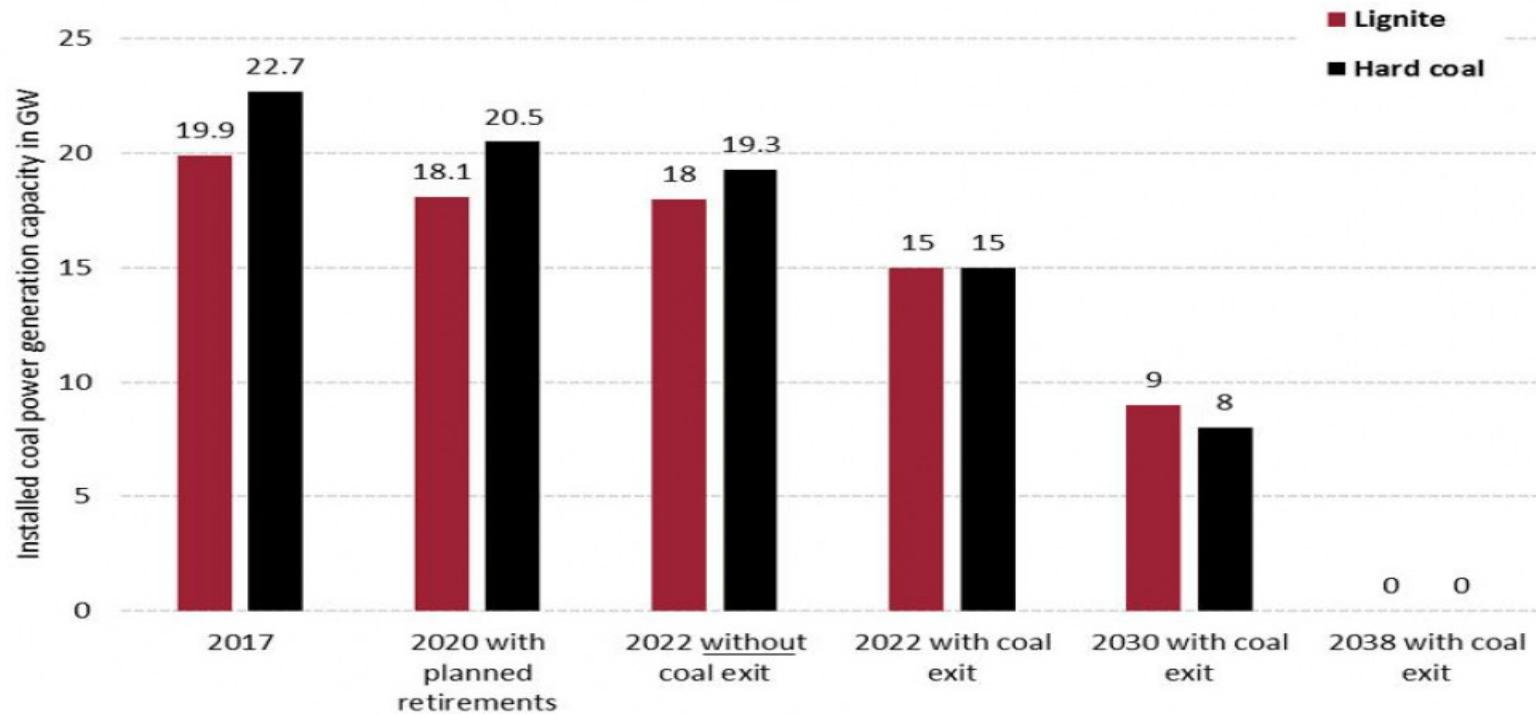
CLEAN
ENERGY
WIRE



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Installed coal power generation capacity before and after potential coal exit according to coal exit commission.

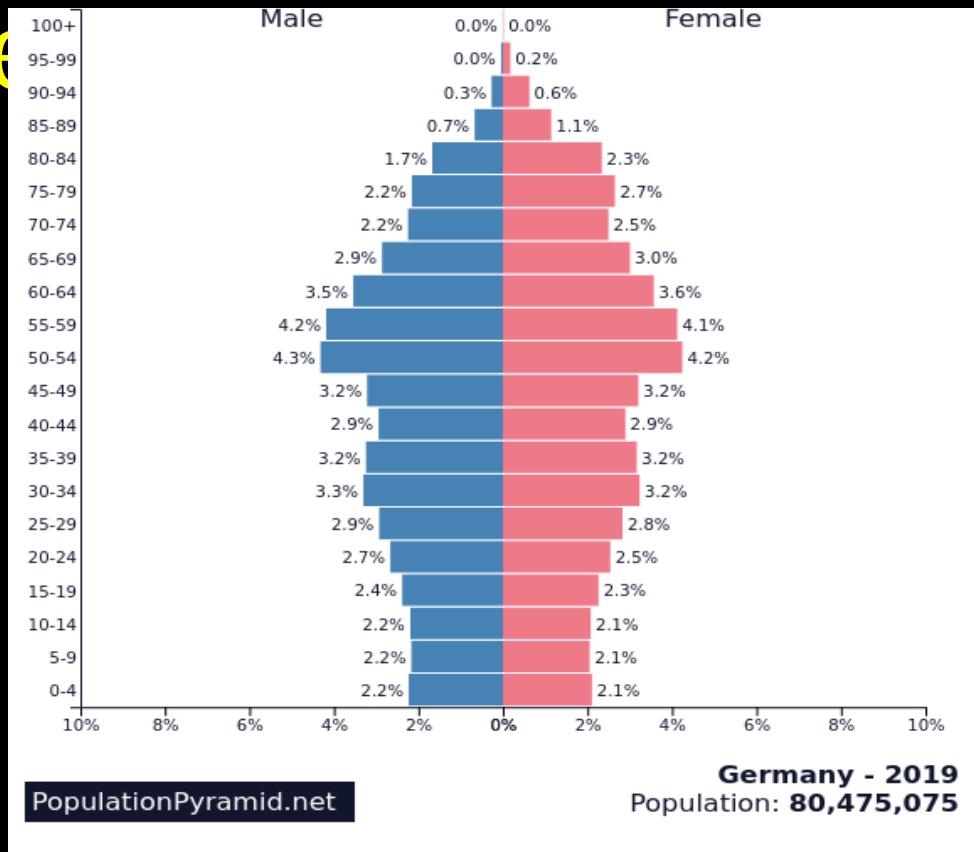
Source: Coal commission, 2019, page 22.



Human Resources

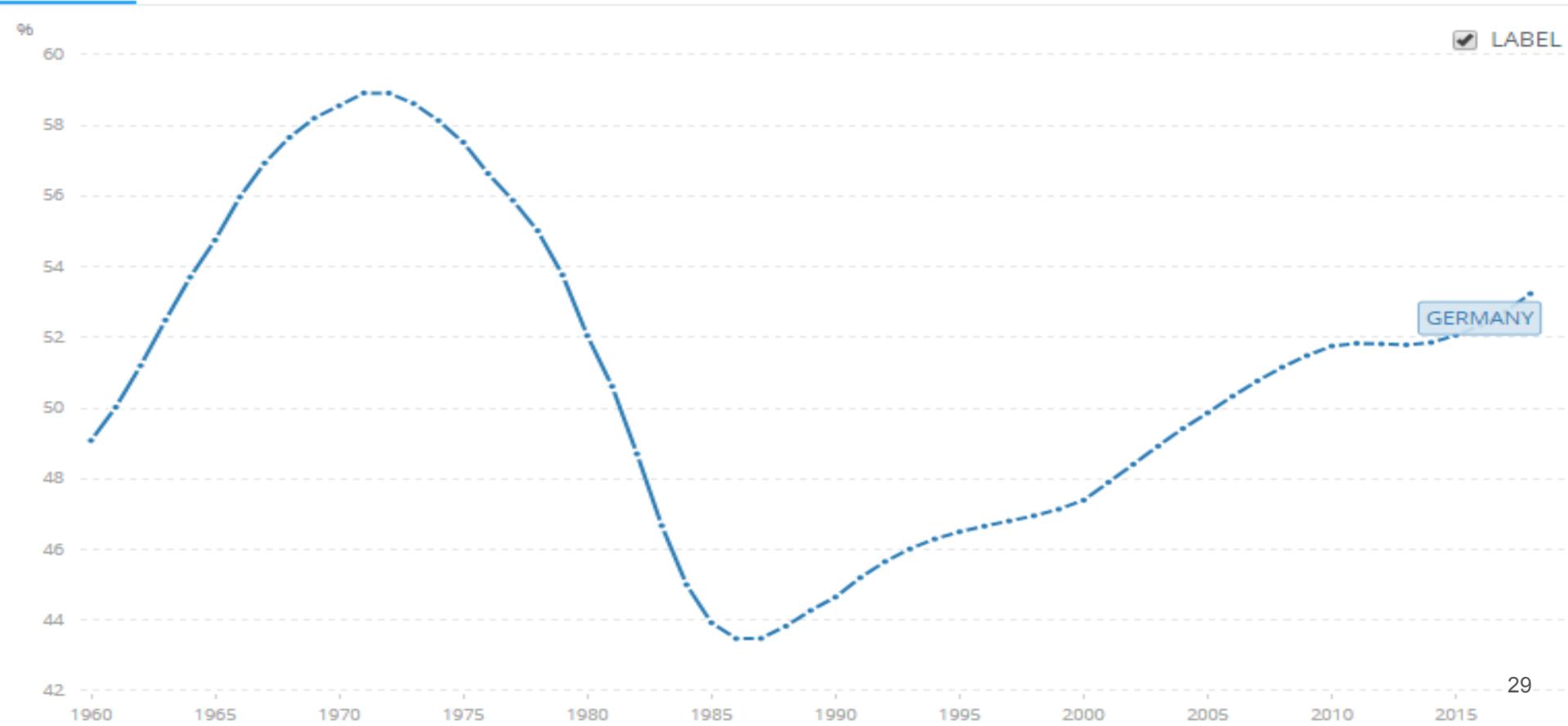
Median age of Europe - 41.7 years

Median age of Germany - 45.9 years(as of 2015)

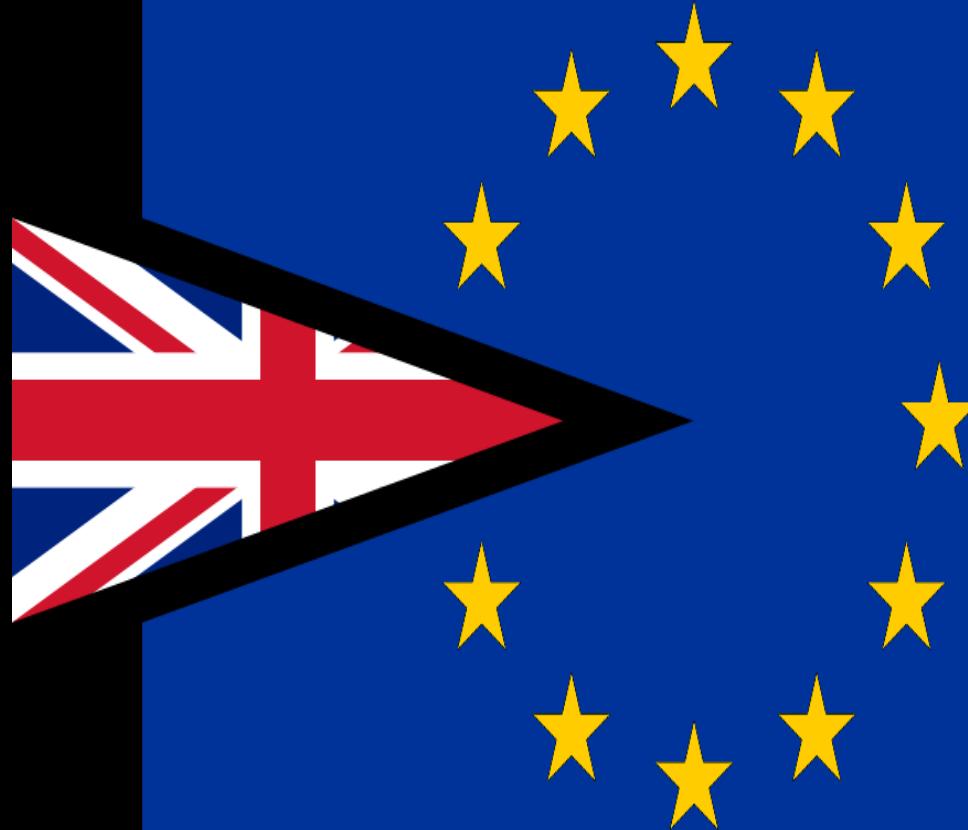


Demographic view of Germany

Dependency Ratio



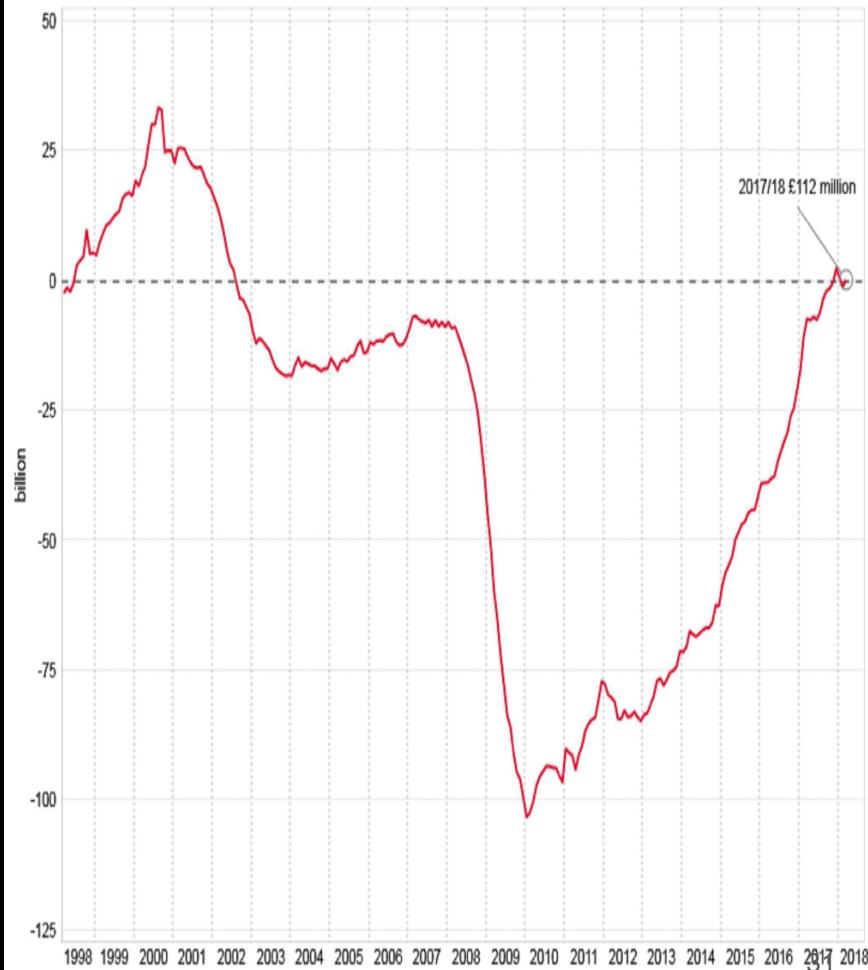
BREXIT



WHY?

- Big annual commitment
- Immigration
- European Union Trade Regulation
- Euro-Zone Debt Crisis

Public sector current budget



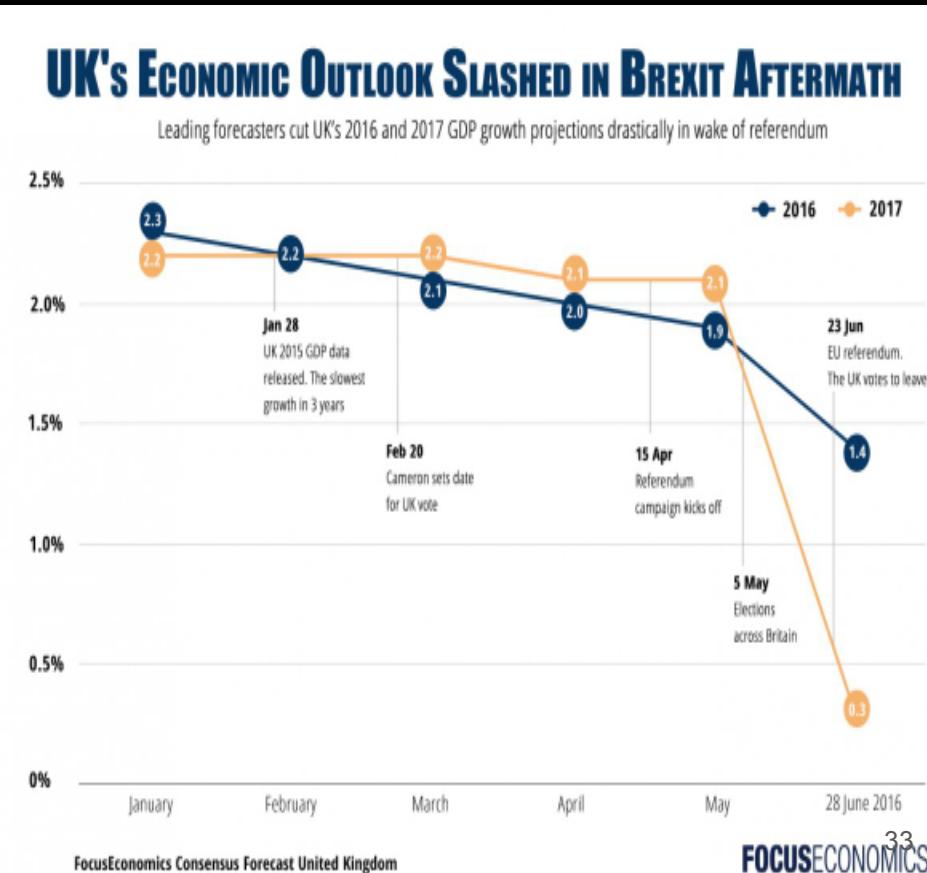
Source: Macrobond, The Independent

Immigration Crisis

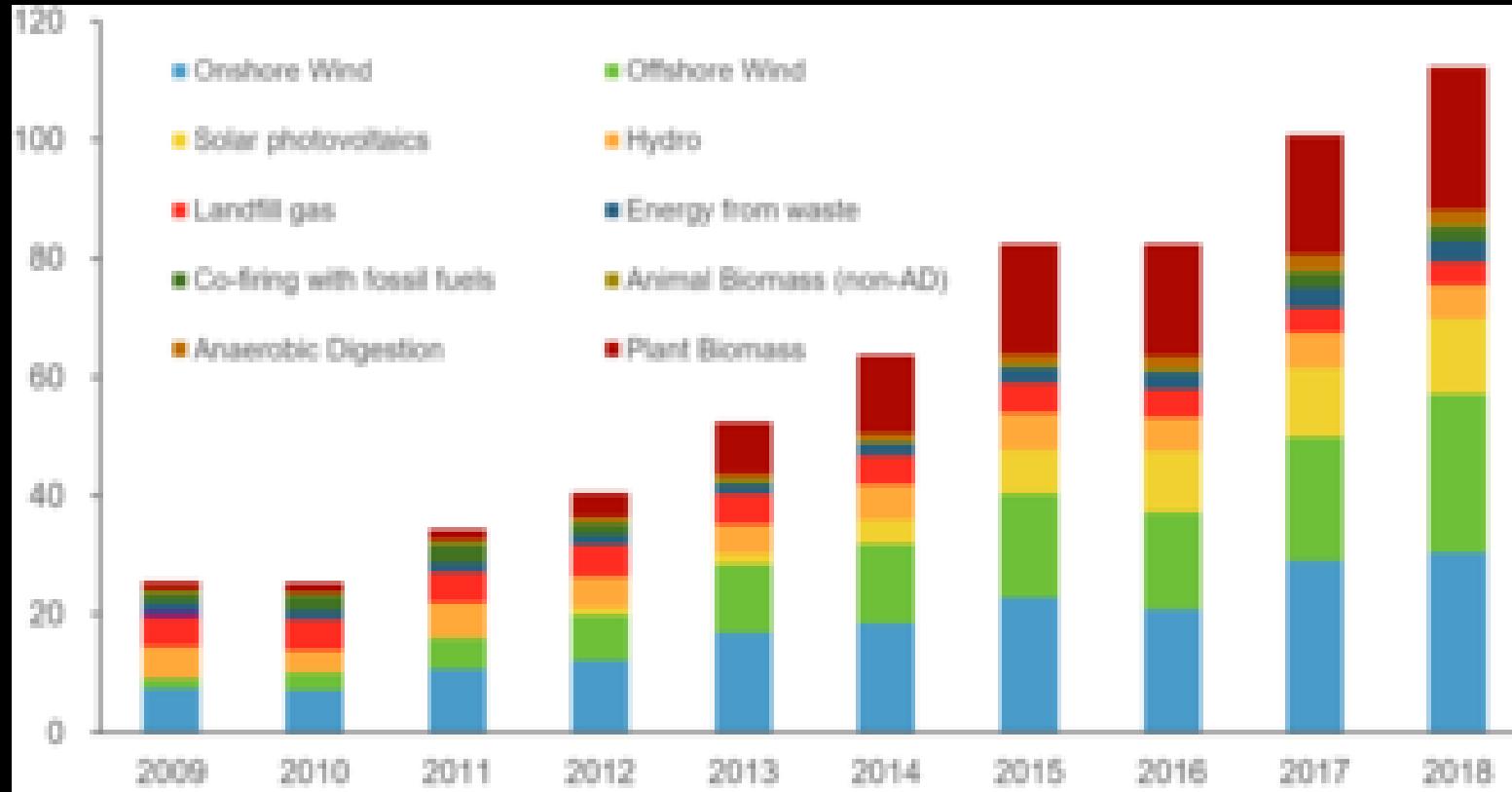
- In 2015, 1.2 million refugees from Africa and the Middle East poured through Europe's borders.
- EU countries sealed off their borders. That stranded 8,000 immigrants in Greece.
- Immigration is the main reason the U.K. majority voted for Brexit.

Impact on UK

- Will eliminate Britain's tariff-free trade status.
- Will raise the cost of exports.
- Will cause inflation and will lower the standard of living.



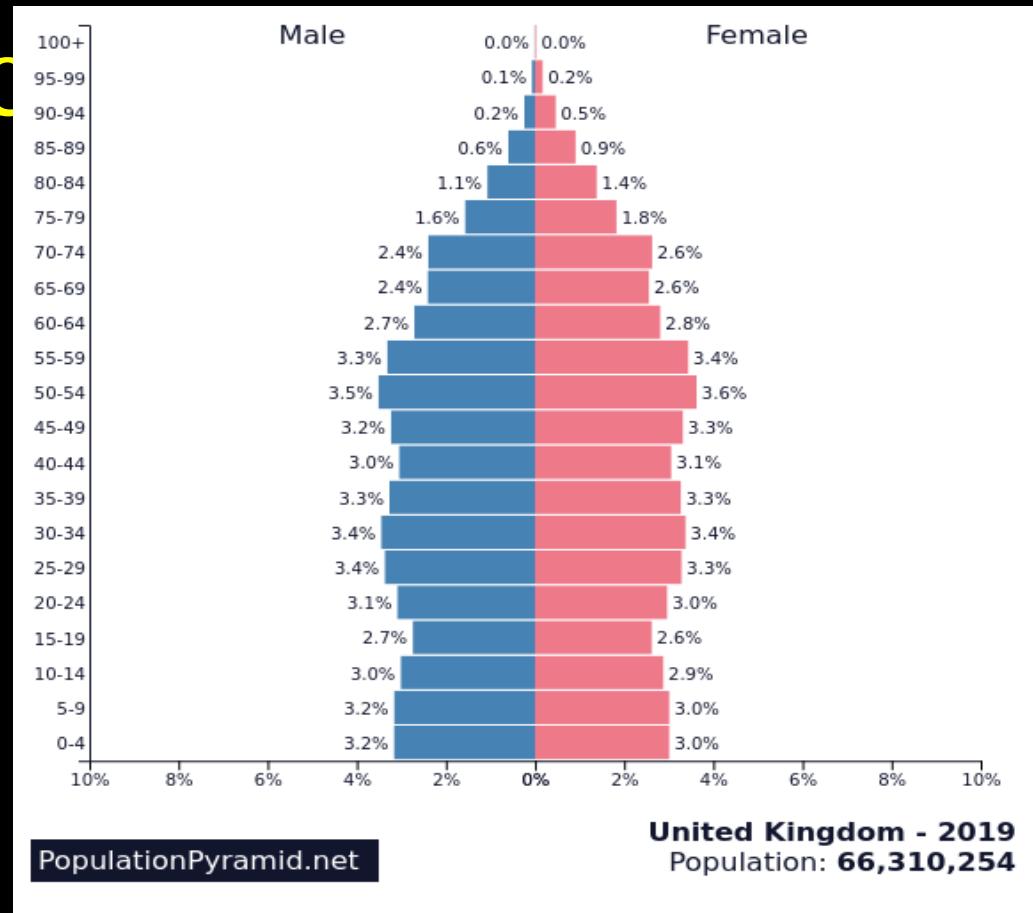
Natural Resources in UK



Human Resources in UK

Median age - 40 year

Demographic view ->



Key Takeaways

- European Economy.
- Formation of EU.
- Impact of industrialization and colonization.
- All about Germany.
- Brexit and UK.
- Contribution in world economy of Europe is declining.

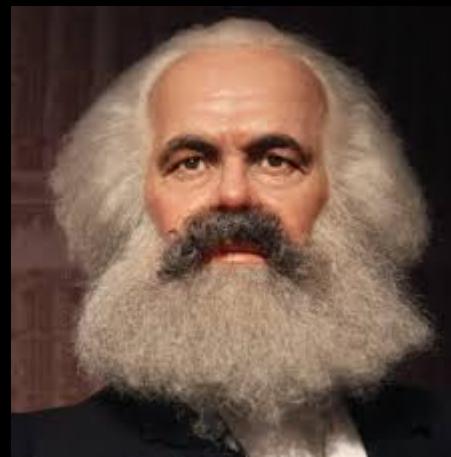
Sites to look for :

- <https://www.britannica.com/place/Germany/Modern-economic-history-from-partition-to-reunification>
- <https://www.investopedia.com/articles/economics/09/german-economic-miracle.asp>
- <https://searchinginhistory.blogspot.com/2015/04/the-industrial-revolution-of-germany.html>
- <https://www.wallstreetmojo.com/brexit-explained-simply/>
- <https://www.britannica.com/topic/European-Union/The-euro-zone-debt-crisis>
- <https://www.learnodo-newtonic.com/industrial-revolution-dates>

Sites not to look for:

- www.wikipedia.org
- www.quora.com
- <https://www.slideshare.net/mgdean/europe-53194365>
- <https://www.erih.net/how-it-started/the-industrial-revolution-in-europe/>

We would like to dedicate this presentation to the famous German Economist, **Karl Marx.**



THANK YOU!