



EUROPEAN UNION

Background Guide

Director: Nicole Turtle

Chair: Rabeeya Asif

Assistant Director: Michele Tang

Director's Letter

Dear Delegates,

Welcome to the European Union of KingMUN 2018. My name is Nicole Turtle, a junior at Inglesmoor high school and in my third year of Model United Nations. I am honored to be your director this year, joined by my Assistant Director Michele Tang, and my Chair, Rabeeya Asif. We are excited to see all of our preparation and yours come together for a wonderful committee.

This year, we have chosen for you two very intriguing topics concerning both the environmental and economic concerns. Because of the complexity of both Environmental Pollution and the Single Monetary Policy, we highly encourage each and every delegate to not only look at the surface level when researching but go into depth. Find the nuances and inadvertent effects of resolutions/actions already passed or possible for your nation to take. Discover your countries' specific policies and positions, and why they exist or how they've changed. Tie in the geography, the political climate, the culture, the language of this research and their influences. This research will be the basis for how you approach committee and what resolutions you will create. Maintaining legitimacy and accuracy of member states the delegates represent will not only lead to a more realistic feeling committee overall but enhance each delegate's experience and understanding of the true purpose of the United Nations.

The Single Monetary Policy will be especially interesting because of the unique subtlety that economics possesses. With the world's economic situation fluctuating and changing, any action, no matter how minuscule, can be the catalyst for several unforeseen consequences. And as the world changes, the Euro Area's Single Monetary Policy constantly requires countries to evaluate its benefits and consequences. It is crucial to approach this topic carefully because of its potential to drastically change the future of every member state's national prosperity, security, and sovereignty.

Similarly, the topic of Environmental Pollution should be handled with care. Because of how geographically interconnected the member states are, the action of one could lead to devastating effects on another. With rising global temperatures and continued industrial pollution, delegates will have to balance the benefits of ensuring economic prosperity and maintaining ecological wellness, not only for the sake of the people but future generations as well.

We have prepared for you a Background Guide to give an understanding of these two topics and guide your research even further. With that, we look forward to the caliber and depth of debate as well as resolutions during the KingMUN conference this year! Please email us if you have any questions or concerns.

With Regards,
Nicole Turtle
Director, European Union

~ TOPIC 1 ~

History

With the amount of international concern over the environment, environmental pollution may seem like a modern phenomenon. However, many don't understand that it has almost as long of a history as humanity itself. Environmental pollution comes in many forms: air, water, light, etc. Because of this, it is broadly defined as “the discharge of material, in any physical state, that is dangerous to the environment or human health”. In prehistoric times, pollution was isolated due to the nomadic habits of early humans but that began to change as societies began to form and people congregated together. Though pollution was not new, the amount of pollution and its effects rose significantly, causing disease, famine, and shifting the structures of entire ecological systems. Environmental pollution is therefore usually associated with civilizations and large cities although signs of it can be found almost any place in the world.

Air pollution is one of the most well-known type of environmental pollution today though it is not in any fashion only modern-day problem. Air pollution is considered “any substance that is a contamination of air and has adverse effects to health”. Because it is commonly found in smoke, air pollution has existed for as long as wood-smoke fires have. However, these trace amounts began to increase rapidly as ancient civilizations such as Greece or China began to fashion tools, weapons, and armor at a larger scale. Even as early as the 1000s, there have been cities enveloped in clouds of smog due to the large amount of forging and burning of fires. As the world began to switch from wood-burning fires to coal burning fires, amounts of air pollution began to rise again. It was in 1273 when England created the first pollution regulations, and in the next few centuries, several other countries followed suit. However, air pollution truly became a concern worldwide when the levels of contaminants dramatically rose during the Industrial Revolution in the 18th century. Since then, several nations have faced the dangerous effects of air pollution including smog, thermal inversion, acid rain, and damage to Earth's ozone layer. Famous cases include Donora, Pennsylvania in 1948 which led to the US's Clean Air Act (1963) as well as London, UK in 1952 which led to England's Clean Air Act (1956). As outlined in the Montréal Protocol, the Rio Accord, and Kyoto Protocol, nations have set goals to cut down on emissions in industrial and consumer products. However, many of these attempts have been severely limited because of other nations' hesitancy to become signatories.

Water pollution is also a vital concern because of the necessity of water for life and health. Throughout history, the importance of clean water has not always been understood. Many civilizations used whatever water source was nearby to place sewage and other materials into. This practice led to several large outbreaks of disease such as typhoid and cholera. By 312 B.C.E. in Rome, the Tiber river became so polluted that they invented aqueducts in order to have clean water. As the Industrial Revolution progressed, many water sources not only became contaminated with human waste, but also industrial waste from harmful chemicals and metals. This significantly worsened the water pollution in many nations. During World War II, many new products—pesticides and antibiotics especially—were produced and often ended up in water sources. This practice has led to several devastating consequences such as decimation to wildlife populations, elevated cancer rates, and birth defects. In the past couple of centuries, nations have begun taking steps to clean the polluted water and prevent further pollution. However, this continues to be unresolved due to the unwillingness of companies as well as the difficulty in defining “clean water”. Several populations around the world still struggle with finding clean water sources and the problem continues to be exacerbated.

Past UN Action

Previously, the EU has taken drastic action to combat ecological toxicity in both the water and air. Since its original establishment in 1951, the European Commission (EC), a subsidiary body of the EU, has focused on

eliminating the channels that contribute to chemical discharge in the air and Europe's freshwater resources. The EC has made extensive progress specifically on holding member states accountable for their annual CO₂ release. In 2014, the EC imposed sanctions against the United Kingdom for failing to submit yearly air quality reports and for their excessive chemical emission in the air via traffic and factories. The UK was fined £300 million yearly as a result. The incident stands as a precedent for the consequences of neglecting the issue. Similar to the EC, the EU's Environmental Council stands as the overarching, governing body for environmental regulation in the EU member states. The Council works with the EU parliament to increase business regulations on waste elimination. Under the recent Bulgarian presidency, the Environmental Council is delivering a circle economy which focuses on eco-innovation; this entails advanced recycling to eliminate water waste that accumulates for over 49% of water pollution in the EU.

In December 2012, the Council of Europe (COE) endorsed the European Union Action to Fight Environmental Crime (EEFACE), funded by the EU and specializes in combating environmental crime and gathering yearly data on water and air pollution levels. This includes illegal waste disposal and businesses that exceed their yearly greenhouse gas emission limits and is prosecuted through the European Court of Justice (ECJ). However, little progress has been made because environmental crime is not properly prioritized, and the implementation affects the personal sovereignty of member states. Specific to air pollution, the European Environment Agency (EEA) collects data on the specific chemicals and greenhouse gases that member states emit into our ozone layer. This data has been sent to many organizations including the United Nations Environment Program (UNEP), and the World Health Organization (WHO).

Finally, the EU's 7th Environment Action Program (EAP) will be guiding European Environment Policy until 2020. The initiative recognizes the link between ecological toxicity and climate change and focuses on three key objectives; to preserve national environmental gross capital, to move towards a carbon efficient economy, and finally to reduce chemical discharge that directly contributes to health risk and mortality rates.

While the EU has made extensive progress in the efforts to combat ecological toxicity, they have failed to hold member states and private industries accountable for secreting harmful chemicals in the environment. As the world progresses towards sustainable development and urbanization, it has never been more vital to preserve the EU's natural resources before they deteriorate.

Current Situation

Water, air, and chemical pollution are all listed as some of the European Union's top environmental concerns. Already, the EU has established some of the highest environmental standards in the world, but the reality of these problems shows how efforts need to be furthered.

Air pollution alone has been found to cause 467,000 premature deaths per year in Europe. According to the European Environmental Agency (EEA), European nations ranking lowest in terms of air quality today in Europe are Bulgaria, Poland, and the Czech Republic. The dangers are high, especially in urban areas, as people are exposed to high levels of particulate matter in the air. Though too small to see or smell, continuous exposure to these PM 2.5 particles can lead to heart disease, asthma, and lung cancer. They include smoke, dust, soot, nitrates, metals, rubber, and more. Nitrogen oxide, a toxic gas, is released by vehicles and heating broilers, leading to more deaths. Another of the causes for their persistently high levels in European cities is the large percentage of smokers in Europe. Children are the most susceptible to air pollution as they will have smaller lung capacities, sometimes for life.

In some parts of Europe, water quality does not meet standards. Polluted water not only has direct effects on humans through consumption but also on the surrounding ecosystems. Polluted water can affect the plants and animals in water ecosystems, which has widespread consequences through ecological damage. Much of water pollution that exists today comes from human activity, which includes industrial emissions, farming, sewage treatment, and incorrect waste disposal. Other things like organic chemicals have been compounded over the centuries, destroying biodiversity. Areas found with the most pollution were often near urban areas and agricultural landscape.

The chemical pollution of recent years has acted as a cause to the already high global air/water pollution. The global production volume of chemicals increased more than 50 times in 1950-2000 and continues to rise. Not only is chemical production itself concerning, but the mixing and consequent interaction of chemicals has uncertain and most likely detrimental effects. Chemical pollution can be deadly, causing illnesses such as lung disease and kidney failure. Worryingly, many chemicals and pesticides that are fatal only required to be tested in a few countries. Even chemicals from consumer products like soaps and paints are major sources of pollution. Studies have shown that chemical pollution is affecting half of European bodies of water and their organisms. Inadequate chemical analysis and an incomplete list of possible toxic substances makes some countries unbeknownst to the fact that their waters are being polluted. But, many chemical pollutants cannot be seen to the naked eye, making it harder for countries to recognize the problem. In terms of air pollution, industrial emissions like greenhouse gases and contaminants are largely caused by chemicals.

Bloc Positions

Northern European Countries: Denmark, Sweden, Finland, Germany

The Northern European Bloc is the forefront of world environmental legislation, spearheading the movement to repair the damage and prevent further destruction of the planet. One reason for the significant action of the Baltic states is possibly the environmental taxation imposed. As of 2001, eight Baltic states have implemented an environmental tax to fund differing environmental policy frameworks to satisfy the EU 2020 Environment Action Program -- so far with varying degrees of success. In addition to the environmental tax, the Northern Bloc nations also have notably invested in new sources of energy to reduce emission levels and provide new economic opportunities.

A recent data consensus collected by the EAP concluded that Denmark's air pollution rate is 20.26, categorized as "low", and drinking water accessibility as over 80%. Denmark reduced greenhouse gas emission by increasing energy use in offshore oil and gas extraction along with the elimination of landfills. By forcing industries to comply with the Environmental standards set by the EC, Denmark has managed to reduce GHG emissions by 14% and will increase to 35% by 2035, thus proving progress with investment in energy efficient transportation. Despite bordering Denmark by land, Germany has extensive air pollution rates due to high population density and concentrated industrialization. However, Germany has taken pivotal measures to address environmental issues, ranging from additives in the food industry to the implementation of solar-powered machines. In addition, the integration of the Green Party has introduced an "eco-industry" which manufactures pollution control devices.

Eastern European Countries: Poland, Czechoslovakia, Hungary, Lithuania

Historically, nations of the European Eastern bloc have been considered far behind when it comes to environmental regulations, especially in relation to water pollution. This, however, was mostly due to the Soviet occupation and political influence. The Soviet Union during this time was known to be apathetic towards environmental concerns as it expanded its influence further into Europe, a sentiment that had been adopted by the occupied nations. After regaining national sovereignty, the nations have since begun to rebuild, focusing on becoming competitive with prosperous nations through the development of technology, trade, and industry. Environmental concerns during this time were neglected until the end of the 20th century when the Eastern bloc began petitioning for entrance to the EU. Since then, strides have been taken to establish policies restricting environmental pollution in these nations, alleviating many of the worst abuses. However, environmental legislation continues to take a back seat in the face of more immediate needs.

Western European Countries: United Kingdom, Spain, Italy, Greece

Since the creation of the EU, the south-western member states have been known to be lagging behind when it comes to environmental legislation. Indeed, many of these countries only adopted such legislation because of their association with the EU and consequent responsibilities. A possible explanation for the lethargy of the Southern Bloc's member states could be the complacency of the population and in reflection, the policymakers. The South of Europe had been the leaders in technology and innovation historically. Because of this, environmental concerns were overlooked in favor of the immediate progress. However, within recent years, this sentiment has somewhat shifted in favor of more assertive environmental regulation with the flux of international pressures to address the apparent environmental issues.

Case Studies

Sweden

One of the largest environmental issues in Sweden is impacts of the logging industry. The industry threatens species living in forests. These species include birds, moss, and fungi. Sweden has made policies to push forward sustainable timber harvesting, but many issues remain.

Another issue is the pollution of the neighboring Baltic Sea. Pollutants come from agricultural sources and waste treatment centers. According to the Baltic Marine Environment Protection Commission's Helsinki Commission, Sweden had dumped 120,000 tons of nitrogen and 3,870 tons of phosphorus into the Baltic Sea in 2010. Nitrogen and Phosphorus largely come from soil and products used in agriculture.

Even though Sweden still has many environmental issues, the country has some of the most progressive policies for mitigating these environmental effects. Because of their renewable energy sources and low carbon dioxide emissions, Sweden is also named one of the most sustainable countries in the world. Sweden also is the most sustainable country in the EU in terms of consumption of organic foods, recycling, and renewable energy. Its policies have reduced the amount of solid waste going to landfills to only 1%, with the rest recycled and they have even prohibited the selling of plastic water bottles that do not meet their recycling standards. Sweden has a goal that by 2050, they have a net zero greenhouse gas emission. They also have many start-up clean technology companies.

Sweden has a large organic food market, with the country ranking high in the world's green shopper's list. Even organic apparel and fabrics have risen in popularity. The use of organic products greatly decreases the pollution that comes from pesticide use in agriculture.

One of the largest Swedish environmental endeavors has been their new environmental technology strategies. They seek to promote the export of Swedish environmental technology, promote research and innovation in environmental technology and help green tech companies grow. Large amounts of government funds are allocated to these strategies and universities have several departments dedicated to this kind of research. Sweden has also begun to implement large-scale sustainable measures in their cities.

Italy

In 2011, Italy's pollution levels had reached crisis levels. The particle pollution in Italy has causing breathing and heart problems in the country and was the cause of 9% of the deaths of citizens over the age of 30. Smog can be easily seen in the air because of the large car use, industrial production, and toxic waste dumping. Carbon monoxide and lead float around the air and cause citizens and even tourists to feel ill, have headaches, trouble breathing, and more. The pollution is also deteriorating ancient monuments and buildings that use carbonate-rich sources. The World Health Organization (WHO) estimates that there are thousands of deaths, hospital admissions, cases of bronchitis, and respiratory conditions because of the high levels of pollutants.

Various other contributors to pollution include smoking, which is common in many major cities. Even after it had been banned in closed public spaces, smoking rates went up. Dog feces also contribute to pollution

because people do not clean up after their pets. Sewage spills and industrial waste also end up on the beaches of the Italian coast.

Italy has the most pollution-related deaths in Europe. This horrifying figure led to Italy's government setting restrictions on vehicle usage. In Milan, cars, motorcycles, and scooters were banned for six hours a day over three days in 2015. In Rome, cars with odd-numbered plates were banned for nine hours on Mondays, and on Tuesdays, cars with even-numbered plates were banned.

In San Vitaliano, wood-fired pizza ovens were banned for a period and were required to have special pollution filters installed. The city had been listed as more polluted than Beijing and had some of the worst air quality in Italy. But this ban caused a large backlash from residents and pizza makers who believed that wood-fired ovens were only a small contributor to the smog in the city and that it would cost the restaurant owners greatly.

Further Research

<https://www.eea.europa.eu/publications/air-quality-in-europe-2017>

Most recent European Environment Agency official report on air quality in Europe

<https://www.eea.europa.eu/soer-2015/europe/freshwater>

Most recent European Environment Agency report on Freshwater quality

Guiding Questions

1. What are some of the factors that have contributed to the lack of change in environmental pollution and what can be done to address those factors?
2. What are potential short-term benefits and incentives for countries to take more drastic steps to protect the environment and are they worth it?

~ TOPIC 2 ~

History

Though the euro is now recognized as a common currency by countries and people alike, it took a large amount of time and multiple errors to create what is now the largest economic and monetary union in the world. One of the first attempts to create this sort of union began in 1970, when the Luxembourg Prime Minister, Pierre Werner, published his recommendations to reduce currency exchange rate volatility, a task the European Council had assigned him a year earlier. Werner suggested to fix exchange rates and establish free trade between all European countries. With the failure of the Bretton Woods System, the first step of Werner's plan was put in action. The Smithsonian agreement established the "snake in the tunnel" approach which allowed currencies to fluctuate in regard to the dollar within bands of $\pm 2.25\%$. However, it officially failed in the early 1970s when the dollar switched from pegged to floating exchange rates in what was known as the Nixon shock. Countries were thrust into a period of economic distress because of several currencies devaluation. To counter this, the European Monetary System (EMS) was created. In order to counter the rising inflation and loss of confidence in European currencies, the EMS fixed their exchange rates to the European Currency Unit.

The European Council summit of 1988 marked the beginning of talks concerning a fully monetary union. The summit tasked an Ad Hoc council with outlining a plan for creating an economic and monetary union. One year later, the Delors report was released, presenting a three-step plan to be implemented in 1990. With the signing of the Maastricht Treaty in 1992, signatories agreed to create a single currency but, not without some hesitancy and resistance from several countries. In 1997, the Stability and Growth Pact was ratified which set exchange rates between the euro and other European currencies and the specifics for its launch. A year later the European Central Bank (ECB) was established and would be ready for the euro's launch on January 1, 1999. There were 11 countries were selected to switch to the euro at this date from the European Council. Several, however, decided to opt out due to already stable currencies or hesitancy to give up some national sovereignty.

The euro was officially introduced as an electronic currency only until 2002 when physical bills and coins became available for use. During the first year, the euro's value began high, measured above the US dollar, increasing trade confidence internationally. Yet, at the end of 2000, it had fallen significantly below the dollar, which prompted emergency action from the G7 council. The euro has since continued to rise in value, only dropping after the 2008 financial crisis. Several countries have decided to adopt the euro since its launch.

Past UN Action

Since the formation of the EU in 1993, there was an understanding to govern under one economic body, the Euro. The Euro offers a standardized exchange rate throughout Europe and has evolved with the passing of various EU treaties and economic regulations. However, due to tax complications and personal sovereignty, many member states have chosen to be exempt. Because of the overall economic benefits of the Euro, the EU has made through efforts to form a single Monetary Union. With the adoption of the Council Regulation 2866/982 in December 1998, all EU members are expected to formally adopt the Euro when their economies are sustainable (except for Denmark and the United Kingdom). The 19 out of 28-member states that have already adopted the Euro is referred to as the Eurozone.

Overall, the European Central Bank (ECB) is the governing body of the EU's economic procedure's and its main task is to enforce the Monetary policy. The primary objective of the European System of Central Banks was stated as "[maintaining] price stability" (Article 127 of the Treaty on the Functioning of the European Union). Previous efforts made by the ECB regarding a Monetary Union was specifically to incentivize member states to join the eurozone by lowering exchange rates on the Euro. In January 2011, the European Banking Authority (EBA), a subsidiary body of the ECB launched an initiative to provide economic support for member

states who cannot adapt to the Euro due to their economic instability. The initiative is formally known as the European System of Financial Supervision (ESFS).

In November 2007, the EU adopted the Trans-European Automated Real-time Gross Settlement Express Transfer System (TARGET2). Its goal was similar to the Single Euro Payments Area (SEPA), which standardizes payment cross country borders. This provides another benefit for expanding the Eurozone, because debit, credit, check and cash transactions do not entail an additional fee for transactions.

Current Situation

The euro is the currency used by 340 million citizens from 19 out of 28 EU member states. The area where these member states are located is known as the euro area. Member states adopted the euro in hopes that it would bring with it several benefits such as lower international transaction costs, increase price transparency, decrease exchange rate uncertainty, improve international trade, lower interest rates, and decrease inflation.

The Economic and Monetary Union (EMU) is a union between all 28-member states of the EU. The EMU works to coordinate the economic policies and the euro policies throughout the Union. While the EMU is comprised of all the EU member states, some member states have put more steps forward to adopt and integrate the euro. Within the EMU, there are multiple institutions that have divided the responsibility of EU economic policy. These institutions include the European Council, the Council of the EU, the Eurogroup, the various Member States, the European Commission, the European Central Bank (ECB), and the European Parliament.

While most EU member states use the euro as their official currency, the 9 EU member states that do not use the Euro as their main currency are Bulgaria, Croatia, the Czech Republic, Hungary, Poland, Romania, Sweden, Denmark, and the United Kingdom. Out of these non-Euro area member states, Denmark and the United Kingdom have a legal exemption. In order to adopt the Euro, member states must meet a convergence criterion based on macroeconomic indicators that measure inflation control, government deficit in percent of GDP, sustainability of finances, exchange-rate stability, and long-term interest rates. One of the key struggles member states face is the future of their individual states post-unified currency. Multiple member states found benefits at first to adopt the euro, however, after the financial crisis of 2007-2008, the member states who suffered the most could not set their own monetary policies to address their individual challenges, putting them in their current financial struggle. With these potential consequences and the criterion that needs to be met, some of these member states find it unfavorable to adopt the euro as their official currency.

Bloc Positions

Member States Who Currently Use the Euro as the Official Currency

Nineteen of the 28 members of the EU, including France, Germany, Italy, Greece, and Spain have successfully adopted the Euro and currently meet all five of the convergence criteria, as well as stand as members of the Exchange Rate Mechanism (ERM). In January 2001, twelve EU member states joined the Eurozone, including France and Germany. Both nations maintain their support for the Euro as it has drastically increased their financial stability and lowered interest rates.

Since its adoption in 2001, the Euro has been ironically detrimental to Greece's economy. After facing multiple financial crises, Greece is unable to fluctuate the value of its national currency due to the restrictions the Euro places with a standard ERM. Greece faces a possible "Grexit" from the Eurozone, threatening the stability of the Monetary Union as a whole.

Member States Who Do Not Currently Use the Euro

Out of the current 28 members of the European Union, nine-member states have not yet adopted the Euro because they have not met the 'convergence criteria' (formerly known as the Maastricht criteria). As per the

convergence criteria formally established in 1991, the EU requires member states to display inflation control, secured public finances (national debt), and feasible long-term interest rates. In addition, Eurozone members must prove that their exchange rates are stable through participation in the Exchange Rate Mechanism (ERM II).

While Bulgaria currently uses the Lev, in 2007, Bulgaria's Finance Minister, Plamen Oresharski stated that the state intended to meet the convergence criteria by 2012. However, Bulgaria has only successfully met 4 of the 5 criteria. Bulgaria has failed to join the ERM II, due to an increased budget deficit and will be unable to join until the end of the European Sovereign Debt Crisis. The Euro offers many economic benefits for Bulgaria by lowering interest rates and increasing private and public lending. As of 2018, Bulgaria has only met 3 of the 5 criteria. Similar to Bulgaria, Croatia has only met $\frac{3}{5}$ of the convergence criteria (as stated in the second convergence report, submitted in 2016), including ERM II. Polls showed that 60% of the public did not support the Euro, resulting in a lack of corroboration in public finances. The Czech Republic mirrors both Bulgaria and Croatia, however, in addition, there have been recent domestic legislation issues which have extended the Euro adoption date.

Hungary has faced various government oppression since 2000, hampering all efforts to replace the Hungarian Forint with the Euro. While a study conducted by the ECB has predicted that the adoption of the Euro would increase Hungary's foreign investment by 30%, the recent conservative government refuses to compromise country independence with corporate tax matters. Poland faces a similar situation with the recent 2015 elections and the implementation of the new party which opposes the Euro. Both Poland and Hungary have only met 3 out of 5 convergence criteria and the current financial situations do not support the ERM II.

Sweden is perhaps the member of the EU with the least convergence criteria and maintains that joining the ERM II is not required, but rather an optional financial asset. Sweden planned to join the European Central Bank Union, however, was unable to due to lack of voting rights and legislative issues (because they did not adopt the Euro).

Romania has met all of the convergence criteria as of 2017 and needs to demonstrate two years of membership in the ERM II. By March 2019, Romania will be fully eligible for Euro adoption and plans to use it as the national currency by 2024.

Member States with Legal Exemption from Using the Euro

Because of the significant powers that nations must relinquish in order to utilize the Euro, a few countries in the EU have refused to adopt the Euro. Especially in countries like the United Kingdom, control over monetary policy is especially important due to the political uncertainty of surrounding nations. Additionally, the dependency on other EU nations at different economic levels has also discouraged these nation from adoption the Euro. As of now, The United Kingdom of Great Britain and Ireland, along with Denmark have been granted legal exemption from the use of the Euro. Denmark currently uses the krone, and multiple referendums in favor of the Euro have been rejected.

Case Studies

Greece and the Euro

Within the European Union, Greece's economy is considered unstable and weak. When Greece first joined the euro in 2001, they borrowed large amounts of money from the Union, but even with this funneling in of money, the country's economy remained weaker than most other European countries.

After the Wall Street crisis in 2008, Greece was shut out from borrowing in the financial markets and Greece began to enter their financial crisis. Without further support from the markets, Greece's economy crashed. The general public was upset with the impacts the euro had on their country and more than half of the Greek citizens believed that joining the euro was a mistake, with support for the euro continuously dropping. Protests rose around the country against Greece's membership in the eurozone. Then, the International Monetary Fund

(IMF) admitted to overestimating Greece's growth assumptions and underreporting their unemployment rates, causing more uncertainty about Greece's financial situation.

In 2015, a left-wing party called Syriza took office in Greece and revoked policies that were meant to avert an economic crisis. Bailout deals were made to halt the debt crisis and Greece was given enough financial assistance to keep rolling their debt forward, but not enough to solve their debt issues.

Overall, Greece has a very high unemployment rate and a large value of debt. Normally a country with a high unemployment rate would make its currency cheaper by printing more money, lowering the value of that currency and making its products cheaper. But, because Greece is using the euro, the euro's value is determined by its use in all the eurozone countries, making it impossible for Greece to change the value of the euro to a point where it can fix these issues. This raises a question about the success and pragmatism of a one-size-fits-all financial solution, like the euro.

In the past, a fear of Greece's possible exit from the euro, a term coined "Grexit", would have created widespread chaos with economists believing that it would cause a global financial shock. However, Europe has now put up safeguards to stop financial problems from spreading from one country to another. But the threat of a crisis still exists, and European leaders are still trying to stop a Greek economic crisis from occurring.

The United Kingdom

The United Kingdom has a legal exemption from the use of the euro, and instead uses the Pound sterling. While joining the Euro would likely have given the UK a more predictable exchange rate across Europe, larger price transparency, lower transaction costs, and a larger stability of trade, the UK still decided to not join the Euro. Britain also did not have an attachment to Europe for political identity and overall, the benefits of having the Euro did not outweigh the deficits it would create.

When the euro was first proposed, the Prime Minister, Tony Blair, required five economic tests to be passed for the country to accept the use of the euro. The tests were first that British business cycles and economic structures must have been compatible enough that the UK could use eurozone interest rates. Second, was that the eurozone system must be flexible enough to deal with a wide range of economic problems. Third, was that the euro conditions must have been favorable to British citizens. Fourth, the euro must enable the country's financial services industry to help them remain in a globally competitive position, and fifth was that an adoption of the Euro must promote growth, stability, and an increase in jobs. The euro did meet the vast majority of these criteria.

Overall, the British government had not wanted to let go of the reins of their own interest rate policies and adopting the euro would have done that. Also, by meeting the euro convergence criteria, the UK would have had to maintain a debt-to-GDP ratio that would have limited Britain's fiscal policy, and besides that, the UK had only met one and the five of the euro convergence criteria.

During the Irish financial crisis, the UK's banks were as badly damaged as Ireland's banks as well, but because the UK had its own currency, the currency helped protect the UK's markets. While the UK's economy still was greatly affected, being a part of the eurozone would have had the damage much greater. At the moment, Ireland is stuck in a series of bank bailouts, economic collapses, and stern requirements from an IMF program.

Further Research

https://europa.eu/european-union/topics/economic-monetary-affairs_en

More information on the general procedures of adopting the Euro as well as benefits economically

<http://www.macrotrends.net/2548/euro-dollar-exchange-rate-historical-chart>

The trend line of the value of the Euro vs. The US Dollar since the Euro's creation

Guiding Questions

1. What are the subtler advantages of having all the countries using the euro or do the disadvantages outweigh the benefits?
2. Is it worth investing into other methods of increasing the unity of Europe in order to make a single monetary union more viable?