



THE INSTITUTE
FOR
EUROPEAN UNION STUDIES
AT THE
STATE UNIVERSITY OF NEW YORK

**IN-SERVICE PROPOSAL
FOR
WNYRIC TEACHING AMERICAN HISTORY PROGRAM**

**TOPIC
THE EURO: STABILITY AND GROWTH PACT (SGP)**

**PRESENTED AND ORGANIZED BY:
NEILL NUGENT, PROFESSOR OF POLITICS AND JEAN MONNET
PROFESSOR OF EUROPEAN INTEGRATION
MANCHESTER METROPOLITAN UNIVERSITY
MANCHESTER, UK**

**MICHELE CHANG, ASSISTANT PROFESSOR
COLGATE UNIVERSITY**

**APRIL 8, 2005
COLLEGE LODGE - SUNY FREDONIA**

EXECUTIVE SUMMARY

The Institute for European Union Studies at SUNY (IEUSS) proposes to organize a one-day simulation of the European Union (EU) for teacher in-service. It will be held at the SUNY Fredonia College Lodge on Friday, April 8, 2005. Two university scholars specializing in study of the European Union will organize and lead a simulation on the topic of Europe's ability to establish the euro as a stable and strong currency. Participants will simulate four of the twelve eurozone states (Austria, France, Germany, Netherlands, and U.K.) and three EU institutions (European Council, European Commission, and the European Central Bank). Two additional faculty members will assist and serve as expert witnesses. The Institute will extend formal invitations to the WNYRIC participants to attend the *IEUSS/Transatlantic Consortium for European Union Studies and Simulations Research Exposition* to be held early Friday evening, April 8, at the Williams Center, SUNY Fredonia campus. This will enable interested participants to meet European and American faculty advisors and students and view current research on the European Union. The total cost of the project is \$20,866.00. WYNRIC's cost-share is \$8,561.00.

THE NATURE AND IMPORTANCE OF THE EUROPEAN UNION

The European Union (EU) has its roots in the 1950s, when six Western European states established what they called the European Community for the purpose of enabling them to promote economic growth through various forms of mutual economic cooperation. From these relatively modest beginnings, the importance of the EU has grown enormously over the years. It has done so in two particular respects.

First, its membership now includes twenty five European states. Until 1 May 2004 these were all Western European states: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, and the United Kingdom. However, on May 1 the EU-15 were joined by the two Mediterranean islands of Cyprus and Malta, and eight former communist countries in central and Eastern Europe: the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia. The 2004 enlargement marked a major advance in the gradual unification of the European continent, bringing together as it did most of what formerly were thought of as the two 'halves' of Europe. Beyond the 2004 enlargement, other European states are also in line to become EU members: Bulgaria and Romania are likely to join in 2007; accession negotiations with Turkey may well open in 2005; and other European states are likely to apply for membership – with Croatia and Macedonia already having done so.

Second, the range of activities and responsibilities of the EU has grown enormously. Far from it being confined to economic coordination tasks, it is now deeply involved in the making of policies and laws across a wide range of policy sectors. There is now a Single European Market, with European-wide regulatory rules on matters as varied as health and safety standards in the workplace, product specifications and standards, and trading practices. As part of the process of 'completing' the Single European Market, twelve of the EU's member

states (the EU-15 apart from Denmark, Sweden and the UK) have even given up their national currencies in favor of having a shared currency – the euro. Beyond market-related policies, other policy areas in which the EU is deeply involved include environmental policy, internal security policies, and foreign policy.

Paralleling the growth in importance of the EU have been developments in its organizational capacities, many of which have been brought about through treaties negotiated between the member states. Such has been the extent of these developments that many observers have described the EU as having many of the characteristics of a federal state.

This growing importance of the EU means that it is of immense consequence for the US. This may be illustrated by citing just a few of the recent instances where the US and the EU have differed over important matters:

- ✓ In the World Trade Organization (WTO) the US and the EU continue to be, as they have for many years, at loggerheads over rules and practices concerning international trade in agriculture. These differences focus not just on subsidies to farmers and agricultural traders (the US Government believes that EU practices amount to unfair competition) but also on EU bans on the import of US produce because of concerns about GMOs and hormones.
- ✓ The EU has imposed tariffs on targeted US goods following the US Government's decision to impose restrictions on imports from overseas.
- ✓ The EU blocked the proposed merger between GE and Honeywell even though US competition authorities had cleared the merger. (The EU was able to do this because it has a strong

competition authority that makes rulings on firms trading in its market, irrespective of the home location of firms.)

- ✓ The EU has imposed quantitative restrictions on the import on certain US cultural products – especially films – as part of an attempt to protect itself from “Americanization.”

These clashes with the US reflect the growing international importance of the EU. It is an importance that is seen in a number of ways: the EU has the world’s largest economy as measured by gross domestic product; it is the world’s largest external trader (just ahead of the US); it has a market size of some 450 million post the 2004 enlargement; and it has a currency – the euro – that is rapidly establishing itself as the world’s second most important currency.

In terms of political strength and influence, however, the EU is (as yet) not so significant a world actor. This has been demonstrated by its internal divisions over what to do in the former Yugoslavia and, more recently, in Iraq where two of the EU’s four largest member states – France and Germany – felt unable to support the US military intervention, while the other two – Italy and the UK - did give support. But notwithstanding the EU’s inability to act effectively in either of these crises, the fact remains that Europe, and within Europe the EU, is the US’s most important political ally. This means that it is crucially important for Americans to understand Europe’s attempts to develop common positions on foreign and defense questions, all the more so when US politicians and spokesmen call on Europe to be make a fuller contribution to international security.

LEARNING THROUGH SIMULATION:

A well-established and important way of furthering knowledge and understanding of the EU is to simulate real decision-making situations. The educational value of simulations is firmly established. The College of Europe in Bruges, for example, which helps to train many of Europe's leading civil servants (both national and EU) and which runs Europe's best known and most prestigious MA in European Studies, has had a simulation – running over the whole of the second semester - as a key and compulsory part of its MA program for some thirty years.ⁱ Simulations need not be a semester-long event, or even stretch across a four-day period as with the annual intercollegiate, cross-national simulation “EuroSim” which IEUSS organizes. One-day and half-day simulations have become a standard feature in EU summer institutes and in professional development training.

THE SIMULATION TOPIC:

The simulation will deal with an extremely important and sharply contested aspect of Europe's attempts to establish the euro as a stable and strong currency.

The euro came into existence in 1999, when eleven European Union (EU) member states -including Germany, France and Italy - gave up their national currencies. Rules - known as the Stability and Growth Pact (SGP) - were agreed that had as their purpose ensuring that all 'eurozone' countries would conduct responsible national economic policies. However, some countries, including Germany and France, have broken these rules, which has led to considerable economic concerns and also deep political tensions.

In response to this situation, proposals have been put forward by the European Commission to “soften” the rules. However, these have met with vigorous opposition by the European Central Bank (ECB) and the governments of those countries - in particular the Netherlands and Austria - that have pursued tight economic policies to ensure they themselves do not become SGP transgressors.

This simulation will be focused around an attempt to see whether agreement can be reached by EU Economic and Finance Ministers – meeting in what is known as the Ecofin Council – on the Commission’s proposals for new SGP rules.

All simulation participants will be assigned to a team. Each team will then represent either an EU institution or an EU member state. The institutions and member states to be simulated will be:

The European Commission

The European Central Bank

The European Council Presidency (the government of Luxembourg)

The governments of:

- France
- Germany
- Netherlands
- Austria
- United Kingdom

SIMULATION SCHEDULE:

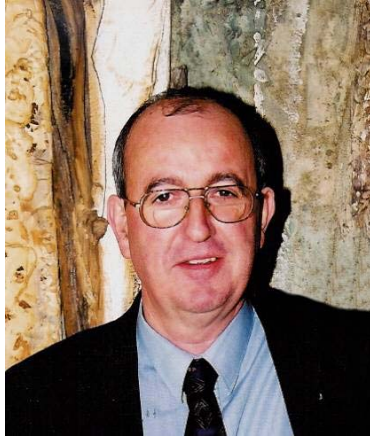
1) *Reading*

Background reading will be provided prior to the day of the simulation and working information and documentation will be made available on the day itself.

2) *The timetable on the day of the simulation*

8.00-8.30	Breakfast
8.30-9.15	Briefing and organization
9.15-10.00	Individual team meetings The Commission prepares and draws up a justification for its proposals while other teams decide on the proposals they would like to see.
10.15-11.00	The Commission presents its proposals to all other teams and responds to questions from participants.
11.00-11.30	Individual team meetings to review progress.
11.30-12.30	Meeting of the EcoFin Council to identify areas of agreement and disagreement.
12.30-1.30	Lunch
1.30-2.30	Individual team meetings to consider and to see if compromises are possible. Bi-lateral meetings to be held, as required.
2.30-3.00	EcoFin Council meeting to see if agreement can be reached on new SGP rules (unanimity required for adoption)
3.00-3.30	De-briefing

THE SIMULATION ORGANIZERS:



NEILL NUGENT, JEAN MONNET SCHOLAR
MANCHESTER METROPOLITAN UNIVERSITY
MANCHESTER, UK

Title: Professor of Politics and Jean Monnet
Professor of European Integration –
Manchester Metropolitan University(1971)

Degrees: BA Newcastle; MA Kent

Teaching Specialties: Government and
Politics of the European Union; Policies and
Policy Making in the European Union,

Research Interests: European Commission,
European Union decision making processes,
Cyprus and the European Union, European
Union Enlargement.

Scholarship: Author and editor of several
books and numerous articles and book
chapters on the European Union, including
*Government and Politics of the European
Union* (in its fifth edition). Editor of Palgrave
Macmillan EU Series.

Title: Assistant Professor of Political Science
– Colgate University (1998)

Degrees: BA Smith College 1991; MA, PhD
University of California, San Diego 1993,
1998

Teaching Specialties: European Union,
international relations, international political
economy

Research Interests: European monetary
integration

Scholarship: Author of articles and book
chapters on European monetary policy.
Recently published *Realigning Interests:
Crisis and Credibility in European Monetary
Integration* (Palgrave Macmillan, 2004)



MICHELE CHANG
COLGATE UNIVERSITY

IEUSS and TACEUSS are conducting their annual simulation (EuroSim) from April 6-9, 2005 at SUNY Fredonia. This simulation brings students and faculty from throughout Europe and Eastern United States (primarily NYS universities). Holding the teacher in-service on April 8, 2005 offers a unique opportunity for participants to work with European Union scholars who will be at SUNY Fredonia to participate in EuroSim.

Professors Neill Nugent and Michele Chang will be assisted by two faculty scholars who will also contribute their expertise as witnesses. We expect that one of the two EU scholars will be Professor Michael Ambrosi, Jean Monnet Professor of Economics, University of Trier (Germany) and the other will be selected from an American university. One will be on site in the morning, through lunch, the other arrive for lunch and remain on site during the simulation.

MATERIALS FOR PARTICIPANTS:

The Institute will provide all supplies for participants. These include:

- ✓ Reading Materials:
 - Two books (provided March 1, 2005)
 - Nugent, Neill. 2004. *Government and Politics of the European Union*. Fifth Edition. Duke University Press.
 - TBA (subject: European monetary system)
 - European Union brochures and booklets
 - Simulation documents
- ✓ Euro coins
- ✓ EU Webliography
- ✓ Eurosims gifts (TBA—e.g. T-Shirt, Tote, Mousepad)
- ✓ Folder with writing materials (paper, pen)
- ✓ European Union Teaching Resource Materials (TBA-subject to availability)

MEALS & REFRESHMENTS:

Breakfast	<ul style="list-style-type: none">▪ Coffee, Decaf, Tea▪ Juice▪ Bagels▪ Muffins▪ Scrambled Eggs▪ Bacon▪ Sausage Links▪ French Toast with Syrup▪ Home Fries
A.M. Break	<ul style="list-style-type: none">▪ Coffee, Decaf, Tea▪ Assorted Bottled Juices▪ Soda▪ Water
Lunch (Deli Buffet)	<ul style="list-style-type: none">▪ Coffee, Decaf, Tea▪ Assorted Sodas▪ Platters of Sliced Ham▪ Turkey▪ Roast Beef▪ Swiss and American Cheese▪ Lettuce Leaves▪ Sliced Tomatoes▪ Hummus▪ Tuna Salad▪ Egg Salad▪ Potato Salad▪ Assorted Breads and Kaiser Rolls▪ Fresh Fruit Salad▪ Assorted Gourmet Cookies
P.M. Break	<ul style="list-style-type: none">▪ Coffee, Decaf, Tea▪ Assorted Bottled Juices▪ Soda▪ Water▪ Brownies
Poster Session	<ul style="list-style-type: none">▪ Coffee, Decaf, Tea▪ Hors d' Oeuvre Reception

COST SHARE:

The table, below, details the expenses incurred in providing a turn-key operation for WYNRIC's teacher in-service. The total cost of the project is \$20,866.00. WYNRIC's cost share is \$8,561.00, payable to the Institute for European Union Studies at SUNY upon project completion.

	WYNRIC	INSTITUTE
COLLEGE LODGE (in-kind)		250
SIMULATION ORGANIZER STIPEND: CHANG	600	
SIMULATION ORGANIZER STIPEND: NUGENT	600	
EXPERT WITNESS (Faculty) - Ambrosi	150	
EXPERT WITNESS (Faculty) U.S. faculty TBA	150	
LODGING (one night/Day's Inn, Fredonia)		
Chang	60	
Nugent		60
Ambrosi		60
U.S. Faculty TBA		60
TRAVEL		
Chang (520 miles @ .315/mile)	164	
Nugent (transatlantic flight)		700
Ambrosi (transatlantic flight)		700
U.S. Faculty TBA (mileage--estimate)		75
BREAK/LUNCH/SNACKS (83): \$32/each		
75 teachers, 4 faculty, 4 WYNRIC & Institute Personnel	2656	
CATERING FEE (FSA)	60	
POSTER SESSION (In Kind Contribution)		3500
EUROSIM GIFTS (\$20/each)	1500	1500
NAME TAGS	100	
TECHNOLOGY FEE (In Kind Contribution) Including Teacher access to Learning Management System (\$10/each) (CourseSpace)	0	800
MATERIALS: ✓ 2 Textbooks ✓ 1 Euro Coin ✓ Teaching Resource Materials ✓ EU Publications ✓ Etc.	60	4500
INSTITUTE'S ADMINISTRATION/ORGANIZATION	2461	
COST SHARE	\$8,561.00	\$12,205.00
TOTAL IN-SERVICE	\$20,766.00	

END NOTES:

ⁱ For information about European Union simulations, see: Buonanno, Mather, and Nugent. 2004, "Organizing, Managing and Assessing an Intercampus, Transnational European Union Simulation." *Teaching Public Administration*. (Forthcoming). Buonanno, Mather, and Nugent. 2003, "Organizing, Managing and Assessing an Intercampus, Transnational European Union Simulation. Biennial Meeting". European Union Studies Association. Nashville, Tennessee, March 27-29; Buonanno, Laurie A. and Connie Pilato. "Building a Transatlantic Learning Community through Instructional Technology." SUNY Oneonta. Conference on Instructional Technologies. May 28-30, 2002.; Steck H. and Lanze, L.B. "Combining Asynchronous Teaching (European Union on-line) with an Synchronous Experience (European Union Simulation) in the TACEUSS Learning Community: Report of a Pilot Project" American Political Science Association. 97th Annual Meeting. San Francisco. 2001; Lanze, L.B, Steck, Henry. "Assessing Student Learning in Multi-institutional, International Simulations." Northeastern Political Science Association. November 2000; Lanze, L.B., Steck, Henry, Eagles, Munroe, and Muller, William. "NYCEUSS EUROSIM: What Lessons We Have Learned the Hard Way in Thirteen Years of Organizing a Multi-institutional, International Simulation of the European Union. American Political Science Association, 96th Annual Meeting. Washington, D.C. September 2000; Round table "A Multi-Institutional International Simulation of the European Union: NYCEUSS EUROSIM." Buonanno, Keefer, Pendl, and Rabb. 54th Annual Conference of the New York State Political Science Association Meeting. April 14-15, 2000; Steck, H., Lanze, L. B., Eagles, M. "Pedagogical Strategies and Assessment Results in Cross-National Simulations: Conclusions from a Two-Continent Model European Simulation." American Political Science Association Annual Meeting, San Francisco 1996; Steck, H., Lanze, L. B., Eagles, M. "Pedagogical Strategies in Cross-National Simulations: Learning Lessons from the Model European Simulation--Preliminary Conclusions from a Work in Progress." New York State Political Science Association, Annual Meeting. April, 1996. Ithaca.