

# European Unity



# Russia's Post-Soviet Struggles

- Yeltsin institutes shock therapy to speed economic growth
  - Result: Massive inflation and decline in production!
  - In 1996, the economy was producing  $\frac{1}{2}$  of what it produced in 1991
  - 1991: 69      1996: 58
- Russians came to equate democracy with corruption, poverty, and national decline
  - Return to authoritarian rule under President Vladimir Putin in 2000



# Recovery in Eastern Europe

- Widespread use of Shock Therapy
  - Poland, Czech Republic, and Hungary were most successful!
- Continuing problems:
  - High unemployment and inflation
  - Governments ran large deficits
  - Communist party returned to power in several countries in 1995
- “Ostalgie”
  - Due to developing gap between rich and poor, many grew nostalgic for old days of Eastern Bloc communism
  - “Guarantee of a stable future and low prices.”



# Birth of the European Union

- EEC → EC in 1973
  - With addition of Britain
- Treaty of Maastricht 1991
  - Set financial and cultural standards for future members
  - Sought true economic union through free exchange of people, goods, services, and capital
  - Sought monetary union, though one currency
  - Anticipated the development of common defense and foreign policies
- EC → EU in 1993
  - Euro will not be introduced until 2002



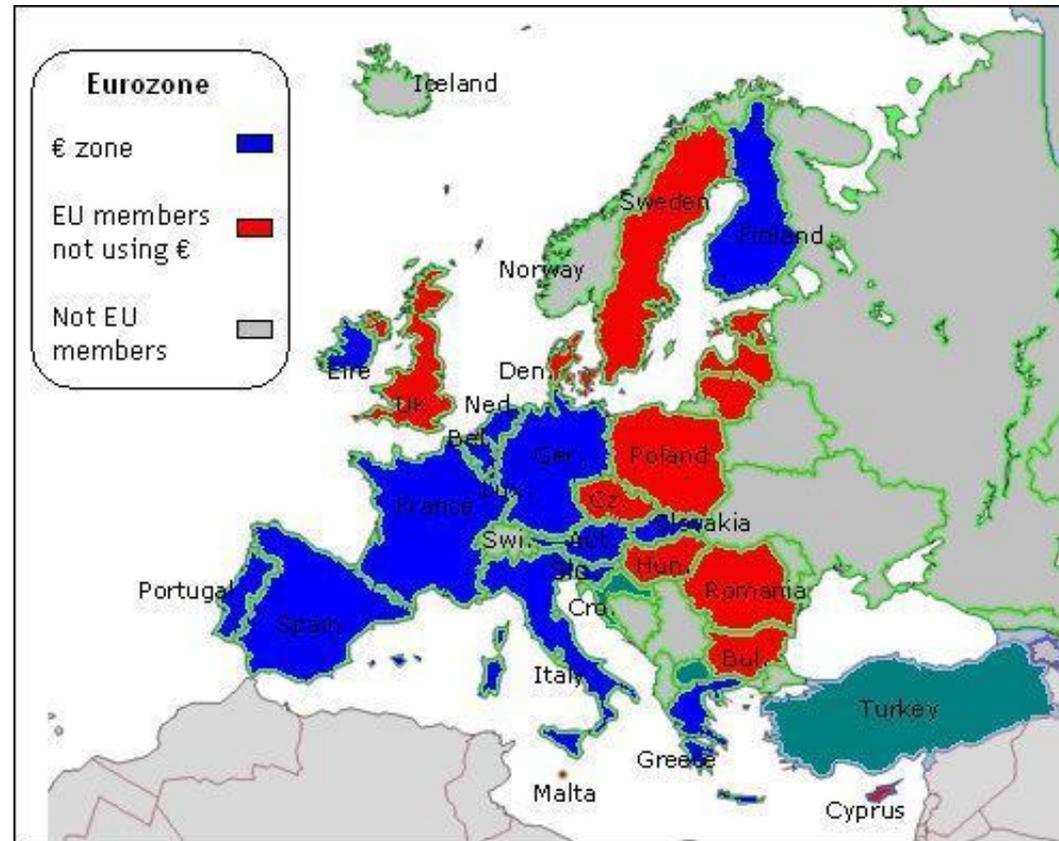
# European Union

- 1995 – 15 members
- 2004 – Inclusion of Baltic States, Poland, Czech Republic, Slovakia, Hungary, Slovenia
- 2007 – Inclusion of Bulgaria and Romania
  - It was now home to 493 million citizens in 27 different countries!



# EU – Political Union?

- Treaty of Lisbon was ratified by all member states in 2009
  - Designed to create greater political unity
- However, deep nationalist fears have undermined the unity of this political body
  - Can Europe really become a federal system like the USA?



# 2002 FRQ

- Many historians have suggested that since 1945, nationalism has been on the decline in Europe. Using both political and economic examples from the period 1945 to 2000, evaluate the validity of this interpretation.