



Introduction to the Special Issue in “Celebrating 25 Years of the EU Single Market”

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The European Union (EU) Single Market came into existence on 1 January 1993, with the aim of bringing down barriers and simplifying existing rules so that there is the free movement of goods, capital, services, and labour—the so-called “four freedoms”—within the European Union (see Fig. 1). Over the last 25 years it has grown from 345 million citizens to about 510 million, and the number of its participating EU Member States has more than doubled: from 12 to 28 (see Table 1). In addition: Norway, Iceland, and Liechtenstein almost fully participate in the EU Single Market.

The integration of Europe’s economies has done a great deal to increase prosperity and create jobs—particularly for the citizens of central and eastern Europe. It has brought down many barriers; given people new freedoms and opportunities; brought greater choice for consumers; brought prices down; and allowed businesses large and small to benefit from an integrated market.

Simply put, it is the single most significant economic and political “experiment” of our times: creating through a peaceful process the world’s largest economy.

It is therefore natural to pause and look back at the progress of integration in various industries and examine the lessons to be learned, as well as the challenges that the EU faces going forward. This special issue is by necessity selective and focused more on regulation and product markets; but we think that it not only provides an interesting retrospective in some key sectors of any modern economy, but also that it will ignite interest for similar analyses from other perspectives of this unique experiment.

The first paper of the issue—by *Katsoulacos, Makri, and Metsiou*—examines the main developments in European Competition Policy. The authors provide a detailed quantitative description of all antitrust decisions that were taken by DG Comp during 1992–2016, but also point out the still significant divergence in the approach to antitrust enforcement between EU and other mature jurisdictions (such as those of

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Fig. 1 Map of the European Union at 1 January 2019. *Source:* BBC News

Table 1 Date of EU membership

Date of entry to EU	Countries
01/01/1958	Belgium, France, Germany, Italy, Luxembourg, Netherlands
01/01/1973	Denmark, Ireland, UK
01/01/1981	Greece
01/01/1986	Portugal, Spain
01/01/1995	Austria, Finland, Sweden
01/05/2004	Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia
01/01/2007	Bulgaria, Romania
01/07/2013	Croatia

the US, Canada and even the UK)—particularly in the enforcement of Article 102 (on market dominance).

The second paper—by *Maudos and Vives*—examines the progress of financial integration across Europe. The authors note that progress in this segment has been slow and severely affected by the sovereign debt crisis that followed the 2008 financial crisis, which seems to have resulted in a significant decrease in competition. Important challenges remain: not only related to the completion of the banking

union—which still lacks a common deposit insurance fund and backstop to resolve banks in trouble—but also the integration of new digital competitors.

The third paper—by *Cave, Genakos, and Valletti*—examines the amazing transformation of the European telecommunications sector. Few sectors have undergone so rapid a transformation from a group of state monopolies to a set of increasingly competitive national markets. Overall, the authors conclude that although telecommunications markets represent one of the success stories of EU policy-making in network industries, the radical and fast technological developments present authorities with new challenges for the next 25 years.

The next paper—by *Pollitt*—investigates the changes and the progress that has been made in the electricity market. The author finds again that the institutional changes are extensive and that there has been significant market harmonisation and integration. However, measuring these benefits—in terms of economic welfare—is extremely difficult, especially given the large rise in subsidised renewable generation that has been driven by the decarbonisation agenda that has taken place in parallel with electricity market reforms.

The fifth paper—by *Chyong*—provides an overview of the natural gas market. In this market too, there has been significant progress towards market unification that has allowed European gas consumers to benefit from transparently set market-based wholesale prices and increased market competition between suppliers that has led gas prices to converge. Similar to the electricity market, as the gas market in Europe matures and decarbonisation of the energy system continues, the gas market and its current regulatory regime faces a number of challenges.

The next paper—by *Kyle*—examines the pharmaceutical market. The author notes that over time, member states are more similar in the availability of products, as well as in the patents that protect them. New pharmaceuticals are generally available sooner and in more EU members. However, so long as health care remains largely a national competence, the interaction of many country-level policies will likely result in many persistent differences in the use and pricing of pharmaceuticals, as well as other health technologies.

The seventh paper—by *Pagliari*—analyses occupational licencing within Europe. Occupational licensing regulations require workers in many different professions to obtain a special permit to work legally in their chosen field, and it is quite common in the EU (especially in services): 22% of workers are subject to it. As the author demonstrates, occupational licencing affects prices, quality of services, the internal organization of firms in the service industry, the mobility of workers, and the potential for firms and workers to operate across state boundaries. His analysis provides an interesting perspective on people and services mobility across the Single Market.

The last paper—by *Calvano, Calzolari, Denicolo, and Pastorello*—is all about the future, rather than the past of the European Single Market. With respect to the spread of algorithmic pricing, it asks whether algorithms are capable of sustaining collusive outcomes more effectively than are human decision-makers. The authors review the literature and investigate whether the traditional policy tools for fighting collusion are enough or whether the tools need to be reconsidered.

Together the papers provide a flavour of the analysis that has been and can be done on this large and ongoing experiment in creating genuine supra-national

markets. A common theme that runs through each of our contributions is, that while much has been achieved by the Single Market process, there is more to be done to fully exploit the economic gains that are made possible by market integration and regulatory alignment.

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