

The European Union

A Beginner's Guide

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ONEWORLD

A Oneworld Paperback Original

Published by Oneworld Publications 2012

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ISBN 978-1-85168-898-2
eBook ISBN 978-1-78074-091-1

Typeset by Cenveo Publisher Services, Bangalore, India
Cover design by vaguely memorable.com
Printed and bound in Great Britain by
TJ International, Padstow Cornwall

Oneworld Publications
185 Banbury Road
Oxford OX2 7AR
UK

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What is the European Union?

Why would any country want to be subject to rules and decisions that are taken in an arena they cannot control? Today there are a number of examples throughout the world where countries have joined together to form a common organisation. This can be the result of regional concerns, as in the case of the African Union (AU) or the Association of South-East Asian Nations (ASEAN). In other instances, there might be common concerns that cut across regional boundaries. The most obvious example is the United Nations (UN). With a membership of 193 countries, it represents more or less every country in the world.

The European Union (EU) is different from these organisations. From Beijing to Berlin and Lima to London, the policies and decisions that are taken by the EU are of relevance to governments, businesses and individuals. If you live in any of the twenty-seven EU member states the reality is that approximately half of all the new laws that are implemented in your country with an economic focus will have originated from decisions taken by the EU. Non-EU countries do not escape. Children's toy manufacturers in China have to adhere to strict EU controls on the materials used for production. Computer software manufacturers in the United States of America (US) need to be aware of EU rules on fair competition.

These rules do not just materialise in some miraculous way from the predominantly Brussels-based EU institutions. Governments, companies and individuals undertake lobbying to

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ensure that their views are taken into consideration. In many instances, expert opinion is needed from these sources. This can vary from an eminent scientist, to the views of pressure groups such as Greenpeace, and from trade unions to multinational corporations (MNCs) such as Microsoft. Thus, while announcements that 'Brussels has decided' might be true, the final outcome will usually have been subject to a great deal of discussion. Member state governments are at the centre of this process. This is through their role in the EU decision-making structures as well as the fact that they are often charged with implementing and monitoring EU decisions.

The need for such EU rules can nevertheless provoke a great deal of questioning. Newspaper headlines in Europe often scream 'get us out of Europe'. In non-EU countries headlines frequently criticise EU trade rules. But we have to remind ourselves that there are often very good reasons why such rules and policies do exist. As the EU is the world's greatest importer and exporter of goods, it is sensible for there to be common standards governing the quality of these goods. Otherwise producers inside and outside the EU could be tempted to produce goods of a lower quality and price. Rules are aimed at protecting consumers as well as attempting to ensure that producers face a level playing field. Sometimes the EU does not make the right decisions. EU policies can be too wide-sweeping in their remit, failing to take fully into consideration the views of all parties. Concerns about the impact of using chemicals in manufacturing industries can result in blanket bans that do not always take into account the fact that the conditions and necessity of use might vary between industries.

At the heart of the EU there is a tension between its need to provide broad standards and the desire of individuals, organisations, companies and governments to seek variance from these standards. This often results in a considerable degree of friction between the local level of the member state and the broader

EU level. Reports from the European Commission, which is the EU institution responsible for overseeing the application of EU policies, regularly highlight variation in the implementation of EU policies among the member states.

For example, some member states, such as Britain, often adopt new EU rules with a greater zest than others, such as Greece, and implement policies at the national level that go beyond what is required from the EU. This process, which is referred to as 'gold-plating', can actually undermine efforts to harmonise policies at an EU level. These refinements to EU policies consequently result in additional costs for citizens and businesses that can put them at a competitive disadvantage when compared with other member states. And while a government may consider that there is a perfectly good reason for these additions, criticism can often be targeted towards the EU rather than the member state government at the time of implementation. In this context, Britain's lack of enthusiasm for many initiatives that deepen European integration belies the tendency for its officials and ministers to be extremely efficient in implementing these policies. Other countries such as Italy and Spain can have a more high profile public commitment to European integration, but can drag their feet when it comes to implementation.

Whatever variances exist, it is evident that EU member states face common challenges, from fighting global terrorism to conducting trade negotiations with the likes of China and America, and from dealing with an ageing population to tackling massive public and private levels of debt. In responding to these challenges it is generally acknowledged that the voice of each of the twenty-seven EU member states is stronger and more influential at a global level when it is presented as an EU viewpoint rather than a national viewpoint. This particularly applies to small member states such as Cyprus, Estonia, Latvia, Lithuania, Luxembourg and Malta. All have small populations and as individual countries do not exercise significant influence at the global

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level. For example, Luxembourg is geographically roughly the same size as the US state of Rhode Island. By contrast, Germany, France, Italy, Poland, Spain and Britain are more influential countries that are able to exercise influence at the global level. But even the largest of the EU member states, Germany, is dwarfed by China, both on economic and population comparisons. Germany's population of approximately 82 million people is less than a tenth of China's one billion. And even if you add the population of all the EU member states together it is noticeable that they are still dwarfed by the likes of China and India.

Frustrations of membership

Within the EU there continues to be much debate among populations as to whether their country would be better off outside the EU. It is a discussion that is not just the preserve of the large member states that are capable of exercising significant global influence by virtue of the size of their economies and the reach of their political power. Indeed, one of the most striking factors is that many small member states have significant sections of their population who also think that their country would be better off outside the EU, given that EU rules often limit the ability for decisions to be taken at the national level.

One of the reasons why such frustrations exist is that the EU requires member states to compromise in order to achieve consensus at the European level. This inevitably means that not everyone gets what they want, with member state governments often having to implement policies that they are opposed to. This was without doubt a less complicated process when the EU was founded in the 1950s with just six member states and when the viewpoints of the governments and peoples of these member states were relatively similar. Today the sheer size of

Enlarging the European Union

<i>Year</i>	<i>Member states</i>	<i>Number of member states</i>
1957	Belgium, France, West Germany, Italy, Luxembourg, Netherlands	6
1973	Britain, Denmark, Ireland	9
1981	Greece	10
1986	Portugal, Spain	12
1995	Austria, Finland, Sweden	15
2004	Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia	25
2007	Bulgaria, Romania	27
Acceding country (2013)	Croatia (expected to join on 1 July 2013)	28
Applicant countries	Iceland, Former Yugoslav Republic of Macedonia, Montenegro, Serbia, Turkey	
Potential applicant countries	Albania, Bosnia-Herzegovina, Kosovo	

Note: On 3 October 1990 Germany was reunified as a result of East Germany joining West Germany. Although this was technically not an enlargement of the EU in the context of adding a member state, it was nevertheless a process of EU enlargement.

the EU inevitably means that reaching a compromise is a more complex matter.

On joining the EU all member states agree to decisions in certain policy areas being taken at an EU level rather than at a national level. EU membership also requires countries to make

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reforms to their economic and political structures to ensure that they are 'fit' to join. This has proved to be a challenge for poorer and less developed countries. The accession of ten new member states from post-Communist Europe to the EU in 2004 and 2007 has been particularly challenging because the cost of economic reforms, such as opening up sectors of the economy to foreign competition and removing government financial support to businesses, has come at a time of constraints on the EU budget. This has meant that there has been less EU financial support available to assist the smoothing out of these economic difficulties, which has often resulted in higher levels of unemployment. An inevitable consequence of this has been that the governments of these countries have faced higher levels of scepticism from their populations about the benefits of EU membership.

A loss of national control is regularly criticised by those who oppose the EU. Eurosceptics argue that the EU interferes too much with the national way of life in the member states. Many Eurosceptics even go as far as to make the case for withdrawal. And while on balance most commentators suggest that the benefits of EU membership outweigh any potential costs, that is not to say that the EU is without its critics. For example, the 2008 financial crisis that has so severely affected the global economy led many people to reappraise the extent to which EU membership and in particular the euro as the single currency is of benefit to their own nation.

The financial crisis exposed a fundamental problem with the euro in that it was not directly linked to the collection of taxes in the member states. This created a vacuum that resulted in a crisis of EU leadership, whereby the European Central Bank (ECB), which controls the single currency, turned towards the decisions of the central banks and governments of EU member states to set national policies to control economic policy, while national governments looked to the ECB to provide economic stability.

If we rewind to the launch of the euro as an electronic currency on 1 January 1999 (it became legal tender on 1 January 2002), at that time it was evident that some EU member states considered that the euro offered a panacea for what had otherwise been volatile or weak national currencies. This was certainly the view taken by Portugal, Ireland, Italy, Greece and Spain. But it could be argued that rather than providing a beacon of stability, the euro has locked these countries into an economic policy that is not controlled at a national level.

The end result was that the governments of these countries were positioned between the proverbial rock and a hard place. On the one hand they hankered after a return to their pre-euro currency, giving them the ability to control economic policy at a national level, such as the setting of interest rates. On the other hand, they recognised that any departure would be a formal sign of weakness that would in turn lead to greater instability at a national level as investors flee to safe havens in other countries. Governments in Athens and Dublin have been faced with a double-edged sword scenario. They seemed unable to ditch the euro because the cost of breaking up would be enormous and yet staying in the euro meant that they had to swallow significant doses of EU medicine to stabilise their economy. Therein lies the dilemma of membership of the eurozone.

What would happen if a country decided to leave the EU? Technically Greenland is the only country that has left the EU when it gained independence from Denmark in 1982. When this happened it was hardly earth-shattering news. Greenland was an overseas territory of Denmark and as such was not a member state. But it would be an altogether different matter if one of the twenty-seven member states were to leave the EU. Back in 1975 the British Labour government led by Prime Minister Harold Wilson held a national referendum on Britain being a member of what was then known as the European Economic Community (EEC). This was a calculated move by Wilson,

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who wanted to silence divisions on Europe among his government as well as among the electorate. When the electorate spoke, 67% voted in favour of membership. But the issue of Britain's membership was not resolved and to this day there continues to be a strong undercurrent of opposition to the EU.

It would be fanciful to think that the likes of Britain, France, Germany or any other EU member state would be able to act in a carefree manner if it left the EU. All of these countries would still be affected by EU policies and would have to trade with the remaining member states. But they would trade at a competitive disadvantage. Their goods and services would be subject to import taxes. Thus, while withdrawal might create a sense of greater national identity and lead to a view that sovereignty has been restored to the nation state, such countries would still be influenced and shaped by EU rules without actually being able to exert any influence on them.

In evaluating the reason why twenty-seven European governments have decided to give up whole chunks of their sovereignty to become EU member states, one of the most regularly cited points is that membership is equated with peace and security. This is a view that is rooted in the horrors of the Second World War, which claimed over 60 million lives, two-thirds of which were civilians. After the war countries such as France and Germany decided to work together to end the national conflicts that resulted in two world wars.

One of the most basic points is that the EU provides a mechanism to unite the peoples of Europe. Today it is just as common for British citizens to go on holiday to France and Spain as it is for them to spend leisure time in their own country. People regularly commute for work-related meetings in other European countries. Many of the companies that people work for operate on a pan-European basis. University students are able to study in other European countries.

REGIONAL INTEGRATION

Regional integration refers to the way in which societies have come together to deal with common issues. The most common aspect of regional integration relates to economic issues, particularly the lowering and removal of customs duties between the member states so as to permit trade to move freely among the specific member states. A customs union requires member states to adopt a common position (or what is often referred to as a common external tariff) in relation to trading with non-member states. In some cases regional integration results in the establishment of formal institutions with policy-making and legal responsibilities. This particularly applies in the case of the EU where the member states have taken a conscious decision to come together and give so-called supranational organisations responsibility for decisions and policies. As a result, the member states have given up an element of national sovereignty.

More than a love-hate relationship?

Despite initiatives that allow European citizens to work freely in other European countries, it is not entirely clear whether over half a century of European integration has actually brought about a common sense of identity and purpose among the citizens of Europe. It is particularly interesting to note the differences in attitudes among the European member states. On a regular basis a sample of citizens in all member states is asked a series of questions by Eurobarometer. This is the EU organisation charged with the task of conducting surveys on a wide variety of subjects relating to European integration. Based on a statistical sample of about a thousand people in each country, one of the most basic questions that are asked is whether people consider EU membership to be a 'good thing'. Results published by Eurobarometer in August 2010

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show that across all EU member states 49% of the respondents considered membership to be a 'good thing'. This is close to the lowest levels that have been recorded over the previous decade. It is by no means a convincing figure. It also might lead people to think that the rest of the respondents thought EU membership is a 'bad thing'. This would be the wrong conclusion to make. In fact, only 18% of respondents regarded membership as a 'bad thing' in August 2010. This was a 3% increase on the previous year.

A conclusion that can be drawn from these statistics is that there is a trend towards a reduction in the support for EU membership and an increasing scepticism about the benefits of membership. There can be a number of reasons that influence these developments. For example, national media often portrays the EU in a negative context by stressing the way that EU decisions restrict national policies. This portrayal is not helped by the fact that member state governments are all too often unwilling to engage in a debate with their national electorate about the realities of EU membership, which require a degree of compromise among all governments. The end result is that the EU is often considered to erode national identities. It is a factor that has influenced the creation of a so-called 'identikit' Europe. In other words, the member states have been blended into some form of common identity through the creation of EU policies that stretch across their borders.

But while it is certainly true that there has been an expansion in both the reach of EU policies and the depth of their impact on the member states, there continues to be significant national variation between the member states. For example, the exact impact that EU policies have on member states varies depending on the policy concerned. The best way of looking at this is that while the EU Directive on working time affects virtually all workers in every member state, an EU Directive on the loudness of lawnmowers is going to have more limited impact.

Variances between member states are also influenced by national and local identities. In recent years there has been a

greater awareness of the need to reflect regional identities within the EU. Many regions now have representative offices to the EU that are based in Brussels. Regional interests are officially represented in the Committee of the Regions. Member states have also been at the forefront of providing a stronger regional voice. In Britain this has been reflected in the granting of devolution powers to Northern Ireland, Scotland and Wales. A growing sense of national identity has been evident at a broader European level. The end of the Cold War resulted in the creation of more sovereign states. The former Yugoslavia fractured into Slovenia, Croatia, Bosnia-Herzegovina, Macedonia, Serbia, Montenegro and Kosovo. In 1993 there took place the so-called Velvet Divorce, which saw the division of Czechoslovakia into the Czech and Slovak Republics. This meant that by 2011 Europe had twenty-one more sovereign states than it had in 1990. For the EU the significance of these changes was that they led to a wave of applications for membership.

Over there, not over here

Expansion of EU membership has raised significant questions about what we actually mean when we refer to 'Europe'. As EU membership has grown from six to twenty-seven countries, there is increasingly a lack of clarity as to where the boundaries of membership rest. The EU stretches from Cyprus in the South to Sweden in the North, and from Ireland in the West to Romania in the East. Moreover, subject to the agreement of the existing member states, the EU will expand to 28 members on 1 July 2013 with the accession of Croatia. There are a number of applicant states that are negotiating membership, notably Iceland, the former Yugoslav Republic of Macedonia, Montenegro, Serbia, and Turkey. Other potential applicants include Albania, Bosnia-Herzegovina and Kosovo.

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Each applicant has to pass a number of tests to enable them to become members. This includes their ability to implement EU laws, democratic structures of governance and the strength of their economy. But there is no policy that states that each member state has to have a certain economic wealth or that their political institutions have to be of an equal standing. This means that there are huge differences between the member states. To tackle this situation a great deal of money has been spent by the EU to support countries seeking membership as well as those who have become members. The idea behind such strategies has been to improve the standard of living in the poorer member states as part of a policy of harmonisation.

Somewhat inevitably there has been a great deal of debate about whether enlargement is a 'good thing'. This extends to the implications that an increased number of member states brings about for the influence and power of the institutions that govern the EU as well as their relationship with the member states. This has been referred to as the 'widening' versus 'deepening' debate. Put simply, this relates to whether more member states dilute the strength and influence of the institutions that govern the EU.

The Common Fisheries Policy (CFP) is a particularly good example of the practicalities of EU membership. In Britain, fishermen from the South West of England to the North East of Scotland are governed by EU regulations that tell them when, where and what they can fish for. But catching fish is not like harvesting crops. The basic method of the fishing industry is to trawl nets through the sea and wait to find out what appears. More often than not perfectly good fish are thrown to the deep as they are not part of a quota that has been set by Brussels-based officials. Such a crazy outcome has resulted in newspaper stories that stir opposition to the EU among the public. Yet without any regulations there would be nothing to protect fish stocks from relentless fishing that would irreparably damage fish stocks.

EUROMYTHS

Why do many people have a sceptical attitude towards the EU? One answer is the prevalence of euromyths. They range from the bizarre to the ridiculous and most have their roots in the way that policies to establish common standards across the EU have been wrongly interpreted. For example, proposed EU legislation in 2005 to require employers to assess workers who work in the sun all day resulted in newspaper headlines that the EU was banning low-cut tops for females!

A classic euromyth is the story that emerged in the summer of 2006 that EU officials were requiring the spicy snack known as Bombay Mix to be renamed because the Indian city of Bombay had changed its name to Mumbai. Despite the ridiculous nature of this story, it was nonetheless reported as a fact in Britain's leading popular newspaper *The Sun* on 18 July 2006, with a banner headline of 'EU to rename Bombay Mix'. The origins of the plan had nothing to do with the EU and were instead attributable to a fictitious story put forward by a British regional news agency. The significance of all of this was that many people actually thought that the EU could be capable of such a policy. In other words, they had become accustomed to what they regarded as unnecessary EU bureaucracy.

Probably the most famous euromyth of them all was the 'straight banana' story that emerged in 1994. At first glance people might be forgiven for thinking that this story was in the same league as the Bombay Mix headline. Yet despite the bizarre nature of such a proposal, there was an element of truth to the story. European Commission Regulation (EC 2257/94) stipulated that bananas had to be 'free from malformation or abnormal curvature'. This regulation lay in the desire to create common European rules for certain types of fruit and vegetables. In the case of bananas, this meant that Extra Class bananas had to have no defects, Class 1 bananas could have 'slight defects of shape', and that Class 2 bananas could have full 'defects of shape'. You may wonder why there was a need to have such rules. The fruit and vegetable industry lobbied the European Commission so that EU rules could be established that would assist with pan-European trade.

This was considered necessary as otherwise there would be different standards across the EU, resulting in confusion for producers and consumers. Such practical economic arguments did not stop the media having a field day with what was regarded as another daft policy from crazy EU bureaucrats.

Understanding European integration

To understand the EU we need to look at the pressures that have influenced its development. If we take the example of the initial drive towards European integration in the post-1945 era, many people stress the influence of France and Germany. This focuses attention on individual countries, the role of government, and individuals that have been of particular importance. But we also need to consider the role of business groups, trade unions and political movements. Today this list also includes what are commonly known as social movements. These are groups that reflect particular interests in society, such as Greenpeace or Friends of the Earth.

According to the latest evidence, the EU is now the world's largest donor of humanitarian aid. But what exactly does this mean? Is all aid administered by the European Commission? The answer here is that this refers to both the aid provided by the European Commission as well as the aid provided by member states on an individual basis. So in this sense, the term 'EU' refers to the work of the individual governments and the work that the member states have agreed to be conducted at a collective European level. When we refer to the influence of the EU we are noting both the decisions taken by national governments working in tandem at a European level as well as those decisions in specific policy areas where the EU institutions have been given responsibility and power.

These points raise a common concern that is voiced within and outside the EU as to whether the EU is a state. Yet on many other matters, from trade exports and imports to quotas on fishing, the EU acts as one body similar to that of a state. On many other matters the EU member states have different policies, such as on education, and they also retain their own national laws.

While a great deal of attention is attached to the fact that there has been a growth in the power and influence of policy dealt with at a European level by the EU institutions, we also need to be aware of the fact that the EU budget is relatively small when compared to the combined national budgets of all member states. In 2011 it was actually only around 1.23% of the total Gross Domestic Product (GDP) of all the member states of the EU. Staffing numbers are another area of comparison between the EU and the member states. An instructive example is that there are approximately thirty-four thousand people employed by the European Commission. By contrast, Birmingham City Council, which is Britain's largest metropolitan City Council, employs approximately fifty thousand people. The British National Health Service alone employs over one million people. Going further afield the City of New York Police Department employs approximately 34,500 police officers. The value of these comparisons is, of course, limited by the fact that they are not equivalent roles. But what they do illustrate is that as an organisation, it would be wrong to suggest that the EU employs an excessive number of staff.

In seeking a clearer understanding of the EU, this introductory chapter has sought to emphasise the fact that any study of European integration needs to pay attention to a number of factors that range from national governments through to business movements and the EU institutions themselves. The decision to expand the number of policies that are dealt with at a European level has for the most part been the result of the pragmatic decisions of member states themselves. But we also need to be

aware of the fact that it would be wrong to view the EU purely through a lens that highlights the relationship between member state governments and the predominantly Brussels-based institutions. The relationship is far more complex. Emphasis needs to be given to the way that local and regional government engage in policy at a European level.

Some academics consider the EU to be a bit like a tiered cake where the different layers reflect the distinct areas of activity: namely the European, national and local levels. What we can conclude from this is that the EU reflects a multi-level body where there are different centres of power. Not all power rests in Brussels.