The European Union

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THE EUROPEAN UNION

Third Edition

S. F. Goodman

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For Helen

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Preface

This third edition of *The European Community* is renamed *The European Union* and the change of title is more than symbolic. The Treaty on Union signed at Maastricht represents a watershed in the history of Western Europe because it shifts the emphasis of the European Community away from economic matters towards political affairs. Whilst there has been continued progress in economic, financial and social matters over the last three years, the stress has been on foreign and security policy and on justice and home affairs.

This edition contains detailed discussions of the most important economic, financial and social developments of recent years. The proposals for monetary union and a single currency are examined and the work of the new European Monetary Institute is explained. We now have the benefit of several new reports and decisions on monetary union. There is an analysis of the problems faced by the Exchange Rate Mechanism and of Britain's position in relation to it.

The book also includes analysis of the new regional policies, the Cohesion Fund and the Trans-European Networks that will transform the face of Europe over the next twenty years. Progress on social policies is also dealt with in the context of the Social Chapter reforms of the Treaty and the United Kingdom's opt-out. The environmental context of industrial change is of increasing importance and this section of the book has been expanded.

The future route taken by the European Union depends to a great extent on its success in tackling unemployment so this edition deals at length with the Delors White Paper on 'Growth, Competitiveness and Employment' and its implications.

There have been various reforms put in place since the last edition so the progress of the reforms of the Common Agricultural Policy

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and of the 1992 Single Market are discussed in detail. The issue of fraud is also examined. The issues raised by the Schengen Agreements are of very great importance for the future of Europe and are dealt with in detail.

The Treaty on Union included attempts to increase the democratic element in the Union, particularly in the role of the European Parliament. Much heat is generated by the concept of national sovereignty and by the question of majority voting in Council. A discussion of these themes appears throughout the book partly in the context of the future enlargement of the European Union to include Central and Eastern European states. The significance of the various agreements with these states is surveyed. There is also an examination of the effects of the enlargement in 1995 to include Austria, Finland and Sweden and of the European Economic Area.

Developments in these areas, and in social policy, together with the enlargement of the Union will make the Europe of the twenty-first century very different from that of the late 1950s when the European Economic Community was conceived.

There are topics that are not covered in the detail that some might wish. These include the extremely complex Common Fisheries Policy which is now largely about conservation, or should be, and has become very divisive. There is also little coverage of the Small and Medium Sized Enterprise initiatives being fostered so keenly by the Union. The main area of omission, however, is the scientific research field which has produced a large number of ever-changing initiatives.

The European Community has an exceptionally good statistical office (Eurostat). Its publications are available in all good reference libraries. Eurostat produces an excellent illustrated book called '*Europe in Figures*', first published in 1988 and revised every two years. This is an ideal publication for the general reader who wants an easily assimilated and comprehensive coverage of the Community in statistical terms. It is superbly presented as is the more comprehensive *A Social Portrait of Europe* which contains magnificent coloured maps, charts and statistics. Its superb 142 pages at ECU 10, or £7.25 via HMSO bookshops, throws into sharp relief the tax on knowledge imposed by our own United Kingdom authorities in pricing works such as the annual *Social Trends* at £34. Recent European Union statistics present some problems because

of German reunification and because of the impact of the Single Market from 1 January 1993 on trade statistics. The new system run by Intrastat has suffered from the failure of businesses to make returns.

The European Union also has a first-class information service. The Information Office of the Commission of the European Communities at 8 Storey's Gate, London SW1P 3AT, provides a wide range of free material as well as subscription matter. Some is in the form of Background Reports and some are periodicals in the *European Documentation* series. These periodicals, of which there are a large number, cover specific topics in great detail. They are an excellent starting point from which to begin the study of a given subject. The European Parliament has its own information service at 2 Queen Anne's Gate, London SW1H 9AA. Their material too is up to date and well presented.

Since these largely free sources of up-to-date information about the Union are readily available, I have tried in this book to concentrate on ideas, trends and developments rather than upon creating a factual reference book. By far the best single-volume reference book about the European Communities is *The European Community: A Practical Guide for Business, Media and Government* by Morris, Boehm and Geller (Macmillan). It contains excellent flow charts of all the main institutions and policies and an explanatory dictionary of all the main terms and bodies connected with the Community. It also lists all the legislation applicable to different areas of Community activity. The reader who wants a much more detailed analysis of the economic theory underlying the Community should read Edward Nevin's *The Economics of Europe* (Macmillan, 1990).

Jean Monnet, the 'father of the Community', said 'we are not forming coalitions between states, but union among people'. In other words, European integration is aimed at the hearts and minds of ordinary people. He concluded his memoirs by saying 'and the Community itself is only a stage on the way to the organised world of tomorrow'.

This great vision of Monnet, who was an extremely practical man, can only be fully appreciated against a historical background. This is why this book has a section evaluating the historical context of the progress of the Community. The Anglo-Saxon experience of modern history has been markedly different from that of the

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continental European. In this difference lies the explanation of our alternative views of the Community, of the European Union, its institutions and its future.

S. F. GOODMAN

List of Abbreviations

ACP	African, Caribbean and Pacific
AFTA	ASEAN Free Trade Area
AOSIS	Alliance of Small Island States
ASEAN	Association of South-East Asian Nations
B	Belgium
BENELUX	Belgium, The Netherlands and Luxembourg
CAD	Capital Adequacy Directive
CAP	Common Agricultural Policy
CCT	Common Customs Tariff
CEE	Central and Eastern Europe
CEFTA	Central European Free Trade Association
CFP	Common Fisheries Policy
CFSP	Common Foreign and Security Policy
CIS	Commonwealth of Independent States (ex-USSR)
COREPER	Committee of Permanent Representatives
CPI	Consumer Price Inflation (see also RPI)
CSCE	Conference on Security and Cooperation in Europe
D	Germany
DGs	Directorates-General
DK	Denmark
E	Spain
EAGGF	European Agricultural Guidance and Guarantee Fund
EC	European Community
ECB	European Central Bank
ECOFIN	Council of Economic and Finance Ministers
ECSC	European Coal and Steel Community
ECU	European Currency Unit

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EEA	European Economic Area
EFTA	European Free Trade Association
EIB	European Investment bank
EIS	European Information System
EMCF	European Monetary Cooperation Fund (now run by EMI)
EMI	European Monetary Institute
EMS	European Monetary System
EMU	Economic and Monetary Union
EPC	European Political Cooperation
EPP	European People's Party
EPU	European Payments Union
ERDF	European Regional Development Fund
ESCB	European System of Central Banks
ESF	European Social Fund
EU	European Union
EUA	European Unit of Account
EURATOM	European Atomic Energy Community
EUROPOL	European Police
F	France
FIFG	Financial Instrument for Fisheries Guidance
FIN	Finland
FTA	Free Trade Area
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GNP	Gross National Product
GR	Greece
I	Italy
IBRD	International Bank for Reconstruction and Development
IGC	Intergovernmental Conference
ILO	International Labour Organisation
IMF	International Monetary Fund
IMP	Integrated Mediterranean Programmes
INF	Intermediate Range Nuclear Forces
IPC	Integrated Pollution Control
IRENE	Irregularities, Enquiries, Exploitation
IRL	Ireland
JCC	Joint Consultative Council

List of Abbreviations xxiii

JHA	Justice and Home Affairs
L	Luxembourg
LFA	Less Favoured Areas
MCA	Monetary Compensatory Amount
MEP	Member of the European Parliament
MFN	Most Favoured Nation
MGQ	Maximum Guaranteed Quantity
NAFTA	North American Free Trade Association
NATO	North Atlantic Treaty Organisation
NL	Netherlands
OCA	Optimum Currency Area
OECD	Organisation for Economic Cooperation and Development
OEEC	Organisation for European Economic Cooperation
OSCE	Organisation for Security and Cooperation in Europe
P	Portugal
PCA	Partnership and Cooperation Agreement
PPP	Purchasing Power Parity
PPS	Purchasing Power Standards
QMV	Qualified Majority Vote
RPI	Retail Price Index (also CPI)
RPIX	Retail Price Index excluding mortgage interest payments
S	Sweden
SEA	Single European Act
SDR	Special Drawing Rights
START	Strategic Arms Limitation Talks (Treaty)
STV	Single Transferable Vote
TARGET	Trans-European Automated Real-Time Gross Settlements Express Transfer System
TENS	Trans-European Networks
UA	Unit of Account
UAA	Utilised Agricultural Area
UK	United Kingdom
VAT	Value Added Tax
VSTF	Very Short Term Facility
WEU	Western European Union
WTO	World Trade Organisation

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