Ever since it was first published, Leonard’s *Guide to the European Union* has played an invaluable role in unravelling these mysteries and complexities [of the European Union]. It is especially valuable, and rare, for doing so in a sober, meticulous and non-partisan way . . . No one could be better qualified to produce an updated, authoritative and highly readable guide than Leonard and Taylor.

*Bill Emmott, Editor-in-Chief of The Economist 1993–2006.*

*The Routledge Guide to the EU* is the best book I know that explains clearly the complexities of the EU to the intelligent layman . . . Curious voters will find this book a useful source of objective information about the EU, and I have no doubt that it will be respected as such by both defenders and critics of the EU. In the longer run many students, business people or politicians that need to deal with the Brussels institutions will feel that they should own this book.

*Charles Grant, Director of the influential think-tank, the Centre for European Reform (CER).*

Dick Leonard’s *Guide to the European Union* has long had a deserved reputation for clarity and reliability. His new, updated edition comes at an important moment in the history of European integration and will be a valuable aid to the public debate in Britain and throughout the European Union.

*John Palmer, former European Editor of The Guardian and former Political Director of the European Policy Centre.*
The Routledge Guide to the European Union

Written by experts, this long-established and definitive guide to the workings of the European Union provides comprehensive, straightforward and readable coverage of this sometimes misunderstood and complex institution. It explains not only what happens but also why, and analyses the EU’s strengths and weaknesses, as well as opportunities for it to be more effective. With the EU’s very existence under pressure due to fiscal crises and the eurozone, migration and borders, and Euroscepticism, it specifically outlines:

- How it works: the institutions, the mechanisms.
- Every area of EU competence from agriculture to workers’ rights.
- The effects of the single market and the single currency and the successes and stresses of the eurozone.
- The impact of the enlargement of the EU and the prospects for further enlargement and for closer political integration.
- The EU under strain – the 2008 recession and after.
- ‘Britain in or out’.
- Fully updated and revised material with new data, statistics, examples and non-partisan coverage.

*The Routledge Guide to the European Union* is well-established as the clearest and most comprehensive guide to how the EU operates. This new edition brings you up to date at a crucial stage in its history at a time when, arguably, it has never been under greater threat, but conversely is perhaps more important than ever.

**Dick Leonard** is a journalist, author and former Labour MP. He was Assistant Editor of *The Economist* for 12 years, and has also worked for *The Observer*, the BBC, the Fabian Society, the Centre for European Policy Studies and the Publishers Association.
Robert Taylor runs European Research Associates, a Brussels consultancy specialising in European public policy. For more than 30 years, he worked as a journalist and foreign correspondent, covering the European Union, reporting on its performance, policies and personalities.
In memory of Dr Gertrud Heidelberger, my mother-in-law, an indomitable lady who represented all that is best in European culture – DL
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About the Authors

Dick Leonard

Dick Leonard is a journalist, author and former Labour MP. He worked in Brussels for 30 years, writing, primarily, about the European Union, for leading newspapers around the world. A former Assistant Editor of The Economist, he is the author of the best-selling Economist Guide to the European Union, and is the author or part-author of over 20 other books, including most recently, A History of British Prime Ministers: Walpole to Cameron. This contains short biographies and reassessments of all of the 53 British prime ministers. He has also worked for The Observer, the BBC, the Fabian Society, the Centre for European Policy Studies and the Publishers Association. He has taught at the Universities of Essex and Brussels (ULB) and has made five lecture tours to leading American and Canadian universities, including Harvard, Yale, Stanford, Princeton, Columbia, Cornell, the University of California and Queen’s University, Ontario.

Also by Dick Leonard:
A History of British Prime Ministers: Walpole to Cameron
The Great Rivalry: Gladstone-Disraeli – a dual biography, Elections in Britain
Robert Taylor

As a journalist and foreign correspondent, Robert (Bob) Taylor has covered the European Union for more than 30 years, reporting on its performance, policies and personalities. He headed the Reuters Brussels bureau before becoming correspondent there for *The Economist*. He has edited a number of books on EU themes for the International Chamber of Commerce in Paris, European Quality Publications (Montreux, Switzerland) and Oxford University Press. He began his career at the overseas service of the Swiss Broadcasting Corporation and reported from Brussels for the BBC’s European service. He also managed EU-funded reconstruction and development projects in broadcasting and telecommunications in the Balkans and the Middle East (Lebanon, Jordan and Syria). He was an international member of the broadcasting and telecoms regulatory authority in Bosnia-Herzegovina from 2000 to 2004. He has written and edited a number of books on EU-related themes and he now runs European Research Associates, a Brussels consultancy specialising in European public policy.

Also by Robert Taylor:
*From EEC To European Union*
*Unity In Diversity* (edited)
*The New Europe In The World Economy* (edited with Lionel Walsh)
*E-Commerce In Action* (edited)
*Agenda for a Growing Europe* (editorial coordinator)
Map of the European Union
European Union members and candidates

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<td>Czech Republic</td>
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<td>Germany¹</td>
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<td>Italy</td>
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<td>Ireland</td>
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<td>United Kingdom</td>
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<td>1995 Austria</td>
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<td>Finland</td>
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<td>Sweden</td>
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<td>2004</td>
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<td>Macedonia</td>
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<td>Montenegro</td>
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<td>Serbia</td>
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<td></td>
<td>Bosnia-Herzegovina</td>
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<td>2007</td>
<td>Switzerland²</td>
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Map courtesy of the University of Texas Libraries, The University of Texas at Austin.

Notes:
¹ East Germany joined as part of a united Germany in 1990.
² The Swiss application was suspended indefinitely in 1993.
Introduction

This book is both old and new. Previously known as *The Economist Guide to the European Union*, it achieved ‘best seller’ status, going through 10 editions and being translated into 11 languages. It has been widely hailed as the most authoritative and reliable account of how the European Union works. It has been extensively used as a text book by students of politics, international affairs and economics, and – not least – by candidates hoping to be employed by the European Commission and other international organisations.

It has now been completely rewritten and updated with a new publisher and a new co-author – Robert Taylor – who has been primarily responsible for producing this new eleventh edition. It is fully up to date, and is brim-full of background information for UK residents still pondering how to cast their votes in the coming ‘in/out’ referendum.

Many excellent books have been written about the EU. The majority have been addressed to specialists, or are concerned with one particular aspect of the Union. The purpose of this book is rather different. It is addressed specifically to lay people, and is intended to give a simple account of the origin, history, institutions and functions of the Union in a form accessible to the intelligent reader with no previous knowledge of the EU.

The book is divided into four parts. Part 1 recounts the origins of the European Community (EC; later the EU), followed by a historical narrative of its development up to the beginning of 2016. Part 2 describes in some detail the institutions of the EU, such as the Council of Ministers, the European Commission, the European Parliament, the Court of Justice and so on. Part 3 deals with the EU’s responsibilities in policy areas from agriculture to research and innovation. Part 4 considers some specific problems, including enlargement and the UK’s continuing difficulties in reconciling itself to EU membership. It concludes with a brief assessment of the EU’s future in the wake of the euro-crisis and the
2015–16 tidal wave of refugees from Syria, both of which have shaken EU core values like the single currency and frontier-free mobility to their limits. A series of appendices provide reference material on the Union and its institutions. Lastly, there are suggestions for further reading for those keen to learn more.

The source of most of the figures and much of the factual information contained in this book is the European Commission. Permission to reproduce this information is gratefully acknowledged.

Dick Leonard and Robert Taylor
February 15th 2016
Part I

The background
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1 The origins

Hitler was the catalyst

Adolf Hitler was the main catalyst of the European Economic Community (EEC), although none of its leaders would readily admit him as a founding father. Like Charlemagne and Napoleon before him, Hitler brought together, by the sword, virtually the entire land area of the original EEC, destroying in the process the self-confidence of the nation states from which it sprang.

These were recreated in 1945, but no longer saw themselves as autonomous actors on the world stage. The governments of the three smallest – Belgium, the Netherlands and Luxembourg – decided in 1944, before the liberation of their territories was completed, that their economic futures were inextricably intertwined. The Benelux Union came into force on January 1st 1948 as a customs union, with the intention of progressing to a full economic union at a later stage.

The Marshall Plan

The United States and the Soviet Union each gave the nations of western Europe a strong shove in the direction of unity; one with apparently benign, the other with malign intentions. The Organisation for European Economic Cooperation (OEEC) was set up in 1947 to divide up among its member states the flow of US aid under the Marshall Plan. The aid programme was completed over three years, but the OEEC continued as a forum for promoting economic cooperation and free trade among west European countries. It later widened its membership to include all the advanced industrialised nations of the non-communist world, and changed its name in 1961 to the Organisation for Economic Cooperation and Development (OECD).
Fear of the Soviet Union

If the United States, partly no doubt through self-interest, had contributed hope, the Soviet Union contributed fear. Its brutal suppression of the countries of eastern Europe, culminating in the communist takeover of Czechoslovakia in February 1948, forced several west European countries to come together for self-preservation. As early as March 17th 1948, the Treaty of Brussels was signed, providing for a 50-year agreement between the UK, France, Belgium, the Netherlands and Luxembourg known as the Western European Union (WEU). This provided for ‘collaboration in economic, social and cultural matters and for collective self-defence’. In practice, the WEU was largely superseded by NATO in 1949. West Germany and Italy joined the WEU in 1954. The first significant step to bring west European nations closer together was the creation of the Council of Europe in Strasbourg in 1949. But British wariness of closer involvement in Europe ensured that it was, and remains, an intergovernmental body with no shared responsibility except for human rights.

And fear of Germany

Fear of the Soviet Union in the immediate post-war years was matched by fear of Germany, which had tried to overrun western Europe in World War II, and had fought three ferocious wars with France over a period of 70 years. How to prevent a recurrence of these wars in the future occupied many minds in western Europe, as elsewhere in the world. Two possible solutions presented themselves; the first was to ensure that Germany should not only remain divided (which in the context of rising east–west tensions it did anyway) but that it should also be reduced to a permanent state of economic backwardness. Apart from intrinsic improbability, this solution had the serious disadvantage of conflicting with another west European priority: resisting the advance of Soviet communism. This pointed to the need not only for a German military contribution to western defence, but also for a strong economy which would help to satisfy the rapidly rising material expectations of west Europeans. It was this consideration which tipped the balance decisively towards the second solution to ‘the German problem’. This was that Germany (or West Germany at least) should be linked so organically with its neighbours, and that this link should appear so evidently in the self-interest of both Germans and all the other nationalities, that another war between the nations of western Europe would become impossible.
Monnet’s decisive role

The continental country most resistant to this concept was France, and it was fortunate that the most clear-sighted and persuasive advocate of this approach was a Frenchman, Jean Monnet. If Hitler provided the impetus towards European unity, Monnet was indisputably its principal architect. He had a remarkable career, almost all of it devoted to international cooperation of a genuinely practical kind. Originally a salesman in the UK for his family firm of brandy distillers, he spent World War I as a temporary civil servant coordinating the contributions of the French and UK economies to the joint war effort. Between the wars he acted as deputy secretary-general of the League of Nations, but in 1939, he was recalled to resume his role as an Anglo-French coordinator. It was his plan for a Franco-UK Union which Churchill put forward in 1940 in a vain attempt to forestall the French surrender to the Germans. Monnet spent the rest of the war years in London and Washington, once again coordinating the economic warfare of the allied nations.

He returned to France as a member of de Gaulle’s government, and subsequently became head of the French planning organisation. In 1950 his moment of destiny came: it was his proposal that paved the way for the Franco-West German reconciliation which has been the essential condition for all subsequent progress towards European integration. The occasion was the Franco-West German dispute over the Saarland, which was largely fuelled by French fears that, if its iron and coal industry was integrated with those of the rest of West Germany, it would once again dominate the economy of Europe. France had tried unsuccessfully to annex the Saarland, which was overwhelmingly German in population, and, as in the post-1919 period, this attempt had poisoned relations between the two countries.

The Schuman Plan

Monnet captured the ear of the French foreign minister, Robert Schuman, a man whose personal history (as an Alsatian born in Luxembourg) had predisposed him to the advantages of European integration. Monnet’s proposal, which was put forward by the French government as the Schuman Plan, was that the West German and French coal and steel industries should be placed under a single High Authority which should supervise their development. ‘The solidarity between the two countries established by joint production will show that a war between France and Germany becomes not only unthinkable but materially impossible’, Schuman said, in launching his plan on May 9th 1950.
Other European countries were invited to join the plan. It was instantly accepted by Chancellor Konrad Adenauer on behalf of the West German government which rightly saw it as a way to rejoin the European comity of nations on equal terms. Italy and the Benelux countries also quickly responded, and the Treaty of Paris, signed on April 18th 1951, formally established the European Coal and Steel Community (ECSC), which came into being on August 10th 1952. Jean Monnet was the first president.

The UK stands aloof

Today’s European Union would no doubt look very different had two notable absentees taken part in setting up the ECSC and (five years later) the EEC. Stout wardens of national sovereignty, neither would have accepted their supra-national elements. Despite being invited by the others, the UK declined to participate. The second absentee was de Gaulle, who had led France’s first post-war government but who spent his ‘wilderness years’ from 1947 to 1958 in self-imposed political exile. When he returned to power in 1958, the ECSC and the EEC were *faits accomplis*. Britain’s decision to stay aloof was shared by Labour and Conservative governments at the time. The UK did not then regard itself primarily as a European nation. It adopted a superior attitude to the new organisation, as evidenced by the private remark of Winston Churchill to his doctor in January 1952: ‘I love France and Belgium, but we must not allow ourselves to be pulled down to that level.’

The absence of the UK facilitated the construction of a community that was different from the many other international organisations set up during this period like the Council of Europe, the North Atlantic Treaty Organisation (NATO) or the General Agreement on Tariffs and Trade (GATT). Each of these bodies established a permanent secretariat: however, there was no question of it having any more than an administrative role. Decision-making was reserved for meetings of representatives from each of the member states. The ECSC was unique in being provided with a supra-national High Authority which was given wide powers to determine the direction of two key industries throughout the member states. There was provision for a Council of Ministers, an Assembly (or indirectly elected parliament) with only advisory powers, and a Court of Justice. But the High Authority was, and was intended to be, the main organ of decision-making.

The constitution of the ECSC, as spelled out in the Treaty of Paris, closely reflected the view of Monnet, who wrote in his memoirs of the need to provide a firm institutional base to give effect to political
The origins

intentions. ‘Nothing is possible without men; nothing is lasting without institutions.’ He had intended that the ECSC would be paralleled by a common European defence force, which would supersede national armies and facilitate the rearming of West Germany without creating a specifically West German force. The same six governments – France, West Germany, Italy, Belgium, the Netherlands and Luxembourg – signed a treaty in May 1952 providing for the creation of a European Defence Community (EDC) for this purpose, but the French National Assembly in August 1954 declined to ratify the treaty.

Towards an economic community

The failure of the EDC had two significant consequences. West German rearmament proceeded on a national basis, and West Germany was admitted as a full member of NATO in October 1954. For his part, Monnet concluded that the path towards European unity lay through economic rather than military coordination. When his first term of office as president of the High Authority came to an end in February 1955, he declined a further term. Instead he left to head a high-powered pressure group, the Action Committee for the United States of Europe (ACUSE) which included leading figures from the Socialist, Christian Democratic and Liberal parties of all six member states.

The Action Committee did not wait long for the first fruits of its activities. The foreign ministers of the Six (as the founder members of the Community were known) met at Messina in Italy in June 1955 and appointed a committee under the chairmanship of the Belgian foreign minister, Paul-Henri Spaak, to investigate establishing a common market. The committee produced a report which formed the basis of the Treaty of Rome, signed on March 25th 1957, establishing the European Economic Community (EEC). A separate treaty, signed in Rome on the same day, set up the European Atomic Energy Community (Euratom) to develop the peaceful uses of nuclear energy. All six parliaments ratified the treaties, which came into effect on January 1st 1958, with a West German, Walter Hallstein, as first president of the EEC Commission.

The EEC’s constitution paralleled that of the ECSC, but the supra-national element was significantly less. The EEC Commission, which was the counterpart of the High Authority, had substantially less power, and the Council of Ministers significantly more, than under the Treaty of Paris. In the early years of the EEC, this difference was hardly apparent, as the confident and decisive Hallstein dominated the development of the Community. But in 1965–66, his authority was successfully challenged by de Gaulle, back in power as president of France.
(see p. 12), and he subsequently resigned. None of his successors has wielded as much power as he did, and since his departure the supremacy of the Council of Ministers (made up of representatives of all the member states) over the supra-national commission has been evident.

**Amalgamation**

The three communities – the ECSC, Euratom and the EEC – were formally amalgamated on July 1st 1967. They became jointly known as the European Community (EC), or sometimes the European Communities, although the abbreviation EEC remained in common use to denote the combined organisation. From November 1993, when the Treaty of Maastricht took effect, the EC became the European Union (EU).

**Notes**

2 Ibid., p. 102.