(II) From the mid-1990s, the basic structure of local government set up by the **Local Government Act 1974** has been changed further by the appointment of commissions to study the needs of local government in individual areas.

(III) Arguments for large county councils based on economies of scale and centralized provision have given way to a philosophy based on small, locally responsive units acting as enablers for services provided by subcontracted suppliers.

The relationship between the central and the local government: It has been argued that local government in Britain is losing its independence from central government, despite claims by successive governments that they support a philosophy of less government and a decentralization of powers. There is a great deal of evidence of this erosion of local autonomy.

- Over half of local government income now comes in the form of grants from central government.
- Local authorities have had the ability to set rates on business premises taken away from them altogether and these are now determined by central government.
- Furthermore, central government has the power to set a maximum permitted total expenditure for a local authority and to set a maximum amount for its council tax due from householders.

9. The European Union

The **European Union** (EU), formerly known as the **European Community** (EC), was founded by the **Treaty of Rome,** signed in **1957** by France, West Germany, Italy, Belgium, the Netherlands and Luxembourg. Britain joined the EC in 1972, together with Ireland and Denmark, to be joined by Greece in 1981, Spain and Portugal in 1986, and Austria, Finland and Sweden in 1995. A more significant expansion to the EU occurred in May 2004 when ten countries of central and eastern Europe joined: Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia. Romania and Bulgaria joined the EU in 2007 and these additions brought the EU's population to over 450 million people in **27 countries**. Norway and Switzerland have always declined to join the EU, but enjoy a similar freedom of movement of capital, goods, people and services, as part of the wider **European Economic Area** (EEA).

9.1. Aim of the EU

An important aim of the **Treaty of Rome** was the creation of a common market in which trade could take place between member-states as if they were one country. The implication of a common market is the **free movement** of trade, labour and capital between member-states.
The creation of the **single European market in January 1993** removed many of these barriers, but many practical barriers to trade remain, of which differences in language and cultural traditions are probably the most intractable.

There is considerable debate about the form that future development of the EU should take and, in particular, the extent to which there should be political as well as economic union. **Recent debate** has focused on the following issues.

- The creation of a **common unit of currency** has been seen by many as crucial to the development of a single European market, avoiding the cost and uncertainty for business and travellers of having to change currencies for cross-border transactions.