## A HISTORY of INTEGRATION in EUROPE

#### FROM COAL AND STEEL TO MONETARY UNION

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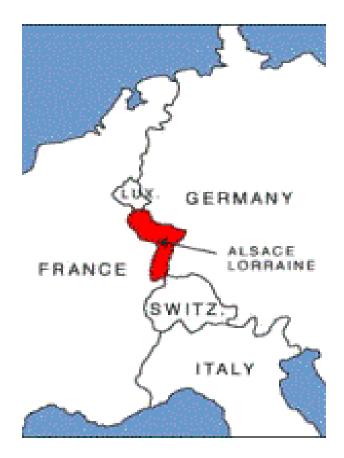
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### History of European Integration

- 1950s prehistory and origins of integration
- 1960s completion of the customs union and the Gaullist challenge
- 1970s "Completion, Deepening, Enlargement"
- 1980s revitalization: Single Market and EMU
- 1990s going to extemes: big advances + big setbacks
- 2000+ general optimism in economics ->drafting of constitution in political realm -> malaise today?

- long-standing Franco German rivalry
- exchange of territories of
   Alsace and Lorraine
   (changed 4 times since 1871)
- conflicts bred deep suspicion
   between France and
   Germany



<u>THE</u> QUESTION – What to do with Germany?

- 1949 Council of Europe goal to attain economic, social, and scientific cooperation among nations of Europe.
  - But only administrative weak, disappointing

#### THE FRENCH PERSPECTIVE

- Cold War gets in the way of plans for the economy
- Wants to cripple Germany demilitarize, decentralize
- French revitalization if Germany subordinate

BUT – British and Americans critical of France's punitive approach to Germany Keynes's Economic Consequences of the Peace (1920)

- "if you can't beat 'em, join 'em."
- Jean Monnet (head of CG du Plan) and Robert Shuman (foreign minister) create ECSC to "rescue" French modernization plan
- Leads to Shuman Plan
- □ 1952 ECSC goes into effect.

#### ECSC

- Abolishes trade barriers, establishes free labor movements in areas of coal and steel
- Establishes an institutional structure which has been transported to the EEC/EC/EU today



#### The WEST GERMAN PERSPECTIVE

- Chancellor Konrad Adenauer strives for the revitalization and reconciliation of Germany
- create a peace in Europe
- raise/re-establish credibility of Germany
- bargain with France ---French political cover in return for economic benefits and financial stabilization.

- Second prong of Franco-German agreement on POLITICAL integration
- EDC provide context for German rearmament
- □ Treaty among "the Six" signed in 1952
- EDC fails
- INSTEAD: German defense protection via WEU and NATO

\*\*Europe's Common Market (a success) <- weakness of earlier attempts at political and defense integration, NOT due to the economic success of the ECSC

\*\*\*Integration advances in the economic realm because that's where it is able to.

### FROM THE ECSC TO THE EEC

FRANCE reluctant participate in EEC, esp. in agriculture

France - preferential treatment here with its overseas dependencies.

In exchange Germany gets preferential treatment in industries

### FROM THE ECSC TO THE EEC

- How did we get to the EEC? the Messina Resolution
- abolish quotas and tariffs
- establish a common European tariff (external)
- organize a single internal market
- create joint policies in trade
- develop sectoral policies

#### This is basis for 1957 Treaty of Rome Treaty of Rome = EEC + Euratom

- 1958 establishment of French Fifth Republic on principle of a strong presidency
- 1958-1963 Franco-German rapprochement with de Gaulle and Adenauer.
- 1959 establishment of EFTA (Britain, Denmark, Norway, Portugal, Spain, Sweden)
- 1963 Elysée treaty Franco-German friendship

Common market advances during 1960s:

- 1960s focus on CAP- acquiescence to the French in agriculture aids common market's success
- 1967 merging institutions of EEC, ECSC, and Euratom into a "European Community"
- 1968 customs union completed with removal of all internal tariffs

1960s developments in expanding the common market

#### Britain waffles:

- Not anxious to join Europe, doesn't like CAP
- Doesn't want to be outside of the market (declining clout in the Commonwealth)
- Europe a "lesser of two evils"

#### But: France repeatedly blocks British entry

1963 – veto #1. French wariness of a German-British partnership and close Anglo-American relations
Adenauer dies, replaced by the Atlanticist Erhard de Gaulle – requirement of a "European Europe"
1967 – veto #2. By France, for essentially same reasons

#### 1970s Completion, Deepening, Enlargement

- 1969 Hague Summit French President Pompidou's call: "completion, deepening, enlargement"
- "Completion" = financing the CAP (held off since 1965 crisis)
- "Deepening" = extending the Community's competence, esp in foreign policy counter Ostpolitik
- "Enlargement" = recognition of the benefits of British membership

#### 1970s Completion, Deepening, Enlargement

- □ Wilson: British entry to restrain Germany's ambition
- Brandt: British accession to reassure Community members who feared Germany's political resurgence
- Pompidou: ally with Britain to counter Germany's rising economic and (now) political might.

1973 – Third time's a charm

Britain is allowed to join

Ireland and Denmark also join via referendum

Norwegian electorate votes against accession

#### 1980s – Revitalization after Challenging Times

1980s- 5 developments

- 1. EP direct elections in 1979
- 2. 2nd enlargement Greece (1981), Portugal and Spain (1986)
- 3. More budget disputes
- 4. Monetary integration EMS
- 5. Economic integration SEA

(expand on 3,4,5)

### 1980s – Revitalization

- MONETARY INTEGRATION EMS
- 1970 Werner Report
- 1971 US closes gold window
- 1972 Europe responds with joint float system
- 1979 Giscard-Brandt partnership ->
- European Monetary System as "zone of monetary stability"

### 1980s – Revitalization

Economic integration – the Single European Act What accounts for SEA?

Required certain **preconditions**:

- 1. expansion of membership
- 2. world economic pressures
- 3. failure of regulatory policies
- 4. French Socialists' move to the Right

### 1980s – Revitalization

ECONOMIC INTEGRATION – SEA

- Delors: "path of least resistance"
- Goal: by end of 1992 4 freedoms:
   goods, capital, services and people
- Concessions to smaller poorer countries cohesion (structural) funds to redistribute wealth
- The 12 signed the Single European Act in February 1986. Modifies the 1958 Treaty of Rome.

## 1990s – EMU and Enlargement

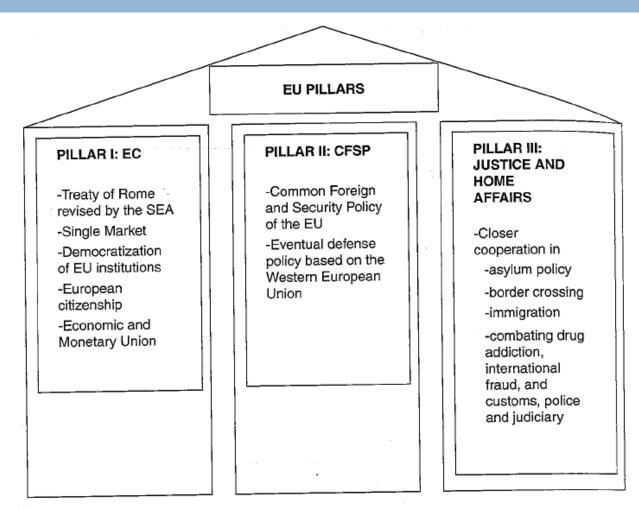
- 1993 Treaty on European Union (Maastricht treaty)
- 3<sup>rd</sup> major treaty.
- Rewrote the Treaty of Rome to bring about European <u>UNION</u>
- <u>3 important components</u>
- New institutional framework (UNION)
- **II.** Change in decision-making powers
- III. EMU

## 1990s – EMU and Enlargement

1993 – Treaty on European Union (Maastricht treaty)

- I. THE NEW INSTITUTIONAL FRAMEWORK
- Institutional architecture 3 pillars
- 1. the EC
- 2. CFSP add political cooperation
- 3. Justice and home affairs

## EU pillars



#### FIGURE 4.1 Three Pillars of the EU

- 11 A.

## 1990s – EMU and Enlargement

1993 – Treaty on European Union (Maastricht treaty)

- II. CHANGE IN DECISION-MAKING POWERS
- more competencies health, consumer protection, education, transport
- more powers for the European Parliament
  - codecision procedure in certain areas
  - reject legislation adopted by Council

## 1990s – EMU and Enlargement

- 1993 Treaty on European Union (Maastricht treaty) III. EMU
- Complete integration on money & finance
- Timetable & criteria for single currency by Jan 1999
- Bills and coins introduced Jan 2002

# 1990s – EMU, Enlargement, & institutional reform

1993 – Treaty on European Union (Maastricht treaty)

## ASIDE: TEU ratification revealed considerable **Euroskepticism**

3 referendums

Ireland – 69% yes

Denmark – 51% no

France – 51% yes, only!

# 1990s – EMU, Enlargement, & institutional reform

#### ENLARGEMENT

- 3 new northern members in 1995 Austria, Finland,
   Sweden 15 total
- Substantial eastern enlargement. Occurred in 2004 with **10** new members; Bulgaria and Romania in 2007
- Widening over deepening? Market over shared decision powers?
- url: http://europa.eu/abc/european\_countries/candidate\_countries/index\_en.htm

# 1990s – EMU, Enlargement, & institutional reform

#### **Further Institutional Reform**

Maastricht Treaty – Nov 1993

- Enlargement requires change to treaties to prepare institutions for growth
- <u>2 more treaties:</u>

Treaty of Amsterdam – May 1999

Treaty of Nice – Feb 2003