Lecture Notes: EU History

July 15, 2009

• Legacy of WWII
  – Dual threats: Nationalism (Nazism/Fascism) and Communism (Cold War)
  – Declining continental powers
    * French Indochina
    * Suez Crisis
    * Reconstruction
    * Unique role for Britain – non-European ties
      • Churchill: Britain is “with Europe, but not of it... interested and associated, but not absorbed”
      • Advocated a “United States of Europe” based around France and Germany

• European Coal and Steel Community
  – Emergence from WWII – France, Germany, Italy, BeNeLux
    * French Foreign Minister Robert Schuman – Schuman Declaration (Jean Monnet)
    * Codified in the Treaty of Paris in 1951 (Apr 18)
  – Why coal and steel?
    * War-making resources
    * Problematic steel cartels
    * Alsace-Lorraine – France & Germany disputed territory – major coal deposits
    * Germany becomes integrated and reliant on Europe
  – Supranational organization
    * “High Authority” regulated the production and trade of coal and steel
      • 2 members each from Germ, France, Italy; 1 each from BeNeLux
      • Oath to represent community interests over national interests
    * “Special Council of Ministers” - relevant ministers from the member states (to improve BeNeLux power balance)
    * “Common Assembly” - “legislature” for Europe, High Authority is responsible to the Assembly
    * “Court of Justice” - 1 judge/member +1 at large, settles disputes btwn states & rules on HA policy/applications
    * First European “tax” on C&S production (max 1%)
  – Motivations for joining – why the European 6?
  – Task: Manage coal and steel to “contribute to the expansion of the economy, the development of employment and the improvement of the standard of living”

* SPILLOVER/FUNCTIONALISM
  • Schuman Plan – success would breed success, and this is the first step towards a federal Europe
- Mining subsidies, health and welfare of mine workers (housing, safety, etc).
- Italy’s push for immigration

- Treaty of Rome – European Economic Community & Euratom
  - Spaak committee – Belgian Foreign Minister led a Council of For. Ministers meeting
    - Movement toward political union
      - Common institutions
      - Fusion of national economies
      - Creation of common market
      - Harmonization of social policies
    - French (Monnet) push for Defense and Political communities under a “federal Europe” model
    - Lack of support, Monnet shifts gears to economic integration
      - ECSC “Common Assembly” becomes a shared “European Parliament”
        - ECSC “High Authority” is sidestepped, founding less powerful “Commissions”
        - Shared Court of Justice, which handles disputes
      - Major decisions must now be approved by the Council
        - Move toward INTERGOVERNMENTALISM
  - Euratom has largely been left aside/as-is, nuclear regulation is overly sensitive
  - EEC purpose to establish a custom’s union among member states (free trade area, common tariff policies)
  - Merger Treaty in 1965 combined the 3 separate communities under a single institutional structure (European Community)
    - The real beginning of the EU?

- Stagnation: De Gaulle (French Fifth Republic... sigh)
    - Ex/ Intergovernmentalist trade-offs – CAP was De Gaulle’s requirement for French support of Rome Treaty
  - However, seen as a villain by Europeanists/integrationists
    - Curtailing powers of EU institutions
    - Denial of British membership
    - Overall Euroskepticism
  - Pseudo-reality: De Gaulle is a pragmatist
    - Supports integration for French benefit, eg CAP
    - British conflict b/c EFTA attempt, US ties (Not part of European Europe)
    - Strong ties with Adenauer (Germany) v-a-v Soviet threats and foreign policy interests
      - Competition btwn this alliance and others of the 6 re: common security and defence
  - Empty Chair Crisis (July 1965)
    - Debate re: CAP funding – tied funding to provisions allowing for European tax collection on imports (“own resources”), more decisions by majority rathan than unanimity, and greater budgetary powers for Commission and Parli
    - De Gaulle == pissed, calls back all his representatives leaving the French chair empty
De Gaulle THEN demands QMV provisions be removed from the Merger Treaty prior to enactment (already approved)

Solved by the LUXEMBOURG COMPROMISE:

- When one member state has a major issue or concern, all the other members will try, withing reasonable time, to reach a solution acceptable to all
- The French say that when very important issues are at stake, discussion must continue until reaching unanimous agreement
- The 6 note that they disagree about what to do when unanimous agreement cannot be achieved
- But, they think they can still work together in the Community, and will resume normal procedures
- “we agree to disagree”

Caused timidity by European actors, unanimity became an albatross

- Britain
  - First “enlargement” – 1961
  - Hesitant Brits – EC flourishing, EFTA flailing, divided public and government
  - De Gaulle vetos b/c US-Brit relationship (Mutual defence pacts, US push into Europe via NATO, etc.)
- SECOND TIME AROUND 1967
  - This time a Labour gov’t applies for membership
  - Same song, new day – De Gaulle cries foul

And the French riot and act foolish, De Gaulle fleas Paris with his tail between his legs – ’69

- Optimism and re-starting post De Gaulle
  - French take lead – Georges Pompidou “Completion, deepening, enlargement” – ’69
    - seeks to repair image of France, lessen brewing resentment
    - France on a decline economically, the EC is now more necessary to its econ welfare
  - Germany on the rise – Adenaur out (now Brandt), more assertive economically and politically
  - French dilemma – how to stop the shifting balance of power towards Germany?
    - Maybe a British-French alliance could balance Germany’s growth
      - Wilson (Brit PM) agrees, can be used to justify British membership domestically
  - France is now more willing to negotiate
    - Fund the CAP, gave “own resources” – COMPLETION
    - DEEPENING – new programs, often in response to German strengthening
      - Coordinated foreign policies via “council of ministers”-type meetings
      - Germany at this time engaging in Ostpolitik, improving relations with the East
      - Convergence of monetary policy – Germany agrees but only in the context of greater econ convergence
        - This is the root of EMU
  - ENLARGEMENT – when and how
    - France wanted to postpone, and finish completion and deepening first
    - Dutch disagree – want timetable for enlargement first
    - French/German compromise – commit to resolve CAP funding by end of ’69, enlargement negotiations begin by June ’70

- Impacts of “Spirit of the Hague” summit
  - EC gets own resources, much broader budgeting authority
* CAP funding and tariff structure make Germany (and later Britain) net contributors to Euro-budget
  - This becomes huge in the early 80s
* Little/less development along deepening lines – variable enthusiasm and differences of opinion
  - EPC (European Political Cooperation) – foreign policy coordination body – gets steered by Germany towards its interests
  - Bold EMU plan, doesn’t resolve differences between France and Germany

First Enlargement – negotiations begin June 1970, entry in 1973 – UK, Norway, Denmark, Ireland
* Brits – Wilson (Labour) replaced by Heath (Torie), Heath previously negotiated first Brit entry, big supporter of entry
  - Easy negotiations, Heath takes “membership now, sort it out later” approach
* British justification for membership: (1971 White Paper)
  - greater security
  - more influence globally in making peace and promoting development
  - economy stronger, increased prosperity
  - on SOVEREIGNTY: “there is no question on any erosion of essential national sovereignty; what is proposed is a sharing and an enlargement of individual national sovereignties in the general interest”
  - Mucho exaggeration, bordering on fawning – caused an uproar by Euroskeptics
* British hold referendum (not planned, but forced by public outcries), narrowly passes
* Norway – signed accession agreement, failed to pass referendum
* Denmark and Ireland – both passed referenda to join
  - Both cases, hands forced by British entry due to economic ties
  - Denmark – 2 lst trading partners = Germany and Britain ; remains very Euroskeptic much like Britain
  - Ireland almost completely tied to Britain, plus its agricultural sector would get a big CAP pay-out

Famous last words: Pompidou @ 1972 Paris summit: “The member states of the Community, the driving force of European construction, affirm their intention before the end of the present decade to transform the whole complex of their relations into a European Union.”

“Euroslump”

* With Britain in the club, Anglo-French axis seems to replace Franco-German axis
  - Brandt and Pompidou bicker – CAP funding, proposed “regional funds”, especially monetary policy
  - European Regional Development Fund (ERDF) – French support on behalf of Brit, which would benefit from industrial support, Germ opposition
* 1971, US effectively ends Bretton-Woods – Monetary crisis
  - Germans want to float the mark, and for the rest of the community to follow suit, French oppose
  - Increasing inflation, economic stagnation, unemployment, trade deficits, oil crises (war in ME)...
* 1972 conference
  - the “snake” – to limit member state currency fluctuations and maintain exchange rate stability
    - French focus – to maintain the operation of the CAP
  - German focus is anti-inflation
* Agree to produce EMU by 1980, again failing to rectify fundamentally divergent goals

- Impact of economic crunch was extreme and varied in degree, making joint action even more difficult among the Nine

- 1974 – Pompidou dies, Giscard takes over; Brandt resigns in an East German spying scandal, Schmidt takes over; Heath loses election to Wilson

* Wilson is a skeptic, insists on re-negotiating British EC membership, disinterested in Europe
  - Demands budgetary changes, protection of Commonwealth issues, retention of Parli sovereignty over European institutions
  - 11 months, 2 full summits dedicated to this, greater animosity, big distraction
  - Schmidt gets credit for reaching agreement:
    - Brits re-affirm commitment to stay in Europe
    - Special status given to Commonwealth issues (trade in New Zealand dairy goods – Wilson’s fav)
    - Large payoff to Brits via ERDF
    - Agreement on the “British Correction” – budget rebate

* Giscard and Schmidt are/become great friends, re-establishing the Franco-German alliance
  - European Council emerges from Paris Summit – “institutionalized summity”, regular meetings of heads of state
  - Move towards intergovernmentalism checked by direct elections to EP (more supranationalism)
  - Franco-German alliance again dominates the direction of European integration
  - Ultimately, for all their talk, no political will to follow through, little gets done

* Animosity between the Commission and Giscard/Schmidt
  - European bureaucracy inefficient, seen as in decline – Commission dispirited
    (early 1970s, nearly 1000 proposal backlog, due largely to the unanimity requirement)

- Early 80s – Thatcher kicks Euro-ass

  - Europe in a bad way... paralyzed policy making, weak Commission, volatile CAP (exchange rate issues), Giscard out and Mitterrand in and pushing economic growth policy to chagrin of the Nine, Thatcher harping on budget issues, Greenland exits the EC (via Denmark)

- 1979 – early stirrings
  - Accession talks with Greece
  - First EP elections
  - Launch of European Monetary System (EMS)
  - HOPED this would re-start push for EMU

- Greek Accession
  - Spain and Portugal applied at the same time, delayed
  - Previously had an “association” membership with the EC, dropped during the military regime circa 1970
  - Applied for full membership after the restoration of democratic rule
    - Commission report advised against accession on pure economic grounds, Jenkins (Commis President) said Greece was least qualified of the three
    - Admitted on the basis of return to democracy – a democratic Greece will “march in future with the Community of European nations” (Germ. For. Min) – fast-tracked

- European Monetary System (EMS)
  - Jenkins early advocate, then Schmidt reasons unknown
  - Regulate & Stabilize Exchange Rates
· Exchange Rate Mechanism
· European Currency Unit (ECUs)
· Optional membership, Brits opt out
· 2 SPEED EUROPE – Giscard & Schmidt relationship; small countries opposed

– Thatcher (May 79)
· Extreme Euroskeptic – EC an offshoot of NATO??
· Value of EC == Single Market
· Rejected completely supranationalism
· Brits get bad deal in EC budget
· Avg 60mil pounds overpaid 73-76
· 369 mil in 77, 822mil in 78, 947mil in 79
· Should be simple reform, but not with Thatcher – makes enemies, even of budgetary ally Schmidt
· Temp solution in 1980, Thatcher wanted to reject – back on message come ’83
· 1984 – perm solution – 66% refund negotiated by Mitterrand and Kohl

– Also happening:
· Mitterrand pushing socialist economic agenda – not working
· up inflation, down investment, problems within EMS b/c of this
· Delors (Fin. Min.) demands liberal market policies, similar moves from other socialist economies
· BEGINNING of (real) economic convergence
· Greater industrial cooperation
· European Strategic Program for RnD in Info Tech (ESPRIT)
· Commission driving
· ECJ – Mutual Recognition (Cassis de Dijon//1979) – liquor content

– 1983: MEP Spinelli develops Committee on Institutional Affairs, coincides with Belgian presidency
· Draft Treaty Establishing the European Union
· EP Approves 237-31

• Delors First Term – Revving Europe’s engine

– 3rd Enlargement, continued – Greece in 1981, now Spain and Portugal
· France opposes b/c agri states – syphon money from CAP; become a direct competitor for most goods
· Spain would increase agricultural land by 30%; agri workers by 25%
· Greece demands EC finish Integrated Mediterranean Program (IMP) before enlargement
· Development funding for the Mediterr. states
· 1985 Brussels summit – Delors first victory as Comm Pres
· IMP resolution – aid to Medit region to ease transition into EC (Greece) and problems of enlargement (Both)
· IMP payout of 6.6bil ECUs, Greece got 30% – BOUGHT SUPPORT for enlargement
· Spain and Portugal get approved, join in 1986

– Following 1985 summit: enlargement complete (for now), Britain is satisfied, economy doing better, Commission energized, EP settling in....
· Delors: “all the family quarrels have been sorted out and we can think of the future”
· Delors adopts the face of the “Single Market President”
Jacque Delors – wolf in sheeps clothing
* French finance minister who pushed through liberal market reforms under Mitterrand
* Britain endorses as a compromise candidate, b/c he advocates the single market and not supranational goals
* Becomes the driving force for the next ten years of integration
* Goals at outset of Presidency:
  · overhaul of decision making procedures
  · monetary policy coordination
  · Community competency in areas of Foreign and Defense policy
* Approach to integration == FUNCTIONALIST SPILLOVER

Creating the Single Market
* Delors is crafty/manipulative
  * 2 things he knows:
    · EMU (anything more than EMS, really) would face opposition on sovereignty grounds
    · Attacking the efficiency problem caused by the unanimity rule would raise opposition
* SO = focus on the Common Market
  · It’s based in Treaty of Rome (he’s not advocating anything revolutionary or new)
  · Supported by most all members to a large extent, especially Britain
* BUT – to make a common market work (or even to implement it), the unanimity rule and EMU would have to be addressed
  · textbook functionalist spillover
* 1985 Commission White Paper
  · Internal market will be completed by the end of 1992
  · “Just as customs union had to precede economic integration, so economic integration has to precede European Unity”
  · offered concrete proposals, not just vague aspirations
  · Appendix of approx. 300 proposals (most already written) that must be enacted to achieve the common market
  · The kicker: the proposals were organized on a timeline – the end date was Dec 31, 1992
  · Endorsed by the European Council
* White Paper coincides with Dooge Committee Report on Institutional Reform – requirements for deeper integration:
  · Homogeneous internal market
  · Lessen the unanimity requirements for the Council
  · Enhance legislative role for EP
  · More power to the Commission
  · Broader policy competency (esp. For/Def)
  · EP ordered the creation of the committee, which then reported to the European Council
* Milan Summit – Agreement to call an IGC (Intergovernmental Conference) to reform the treaties and/or draft a new treaty
  · Problematic negotiations – sovereignty issues and extent of reform mostly to blame
  · Italy (host/chair) strongly desired the IGC – forced the issue via vote (7-3 for – Brit, Denmark, Greece voting no)
* IGC = Produced the Single European Act (SEA)
  * Internal market – free movement of goods, persons, services, and capital
* Majority voting (QMV) on some issues, not others – the others almost always core sovereignty issues
  · 2/3 of the 300ish White Paper proposals now under QMV rule rather than unanimity
* Consultation and Cooperation – Commission must work with the EP as a partner
* Call for convergence in econ and monetary policies for “further Community development”
* Ratification troubles –
  · Ireland had to amend its own constitution before it could ratify – b/c of for. pol. components
  · Finally into effect Jan 1, 1987
* Thatcher was thrilled, Delors was upset
  · Said too much was compromised and the decisions needed to be bolder
  · Feared that the White Paper proposals still wouldn’t pass b/c unanimity remain in areas
* SEA gets a fast start once finally ratified and into force
  · New voting rules meant that by March 1987, the Council had adopted 56 of 170 submitted proposals
  · 1987/88 “Merger Mania” – 68 EC mergers in 1986, jumped to 300 in 87
* New problem in achieving single market becomes “Cohesion” – poorer member states demand more support from the EC
  · Ireland, Greece, Portugal, and Spain demand payouts/aid to ease transition to liberal econ policies, move more in line with the rest of Community
* “Delors I” – Budget proposal
  · “marriage contract” between the Twelve
  · Thatcher opposed b/c of payments to Ire/Gree/Port/Span
  · Thatcher liked spending limits and overall discipline, though
  · fail to reach agreement at Copenhagen summit – Kohl (Germany) calls special summit in early 1988 (3 mos later) and reaches an agreement, largely because Thatcher is more willing to negotiate this time around