



A HISTORY of INTEGRATION in EUROPE

FROM COAL AND STEEL TO MONETARY UNION

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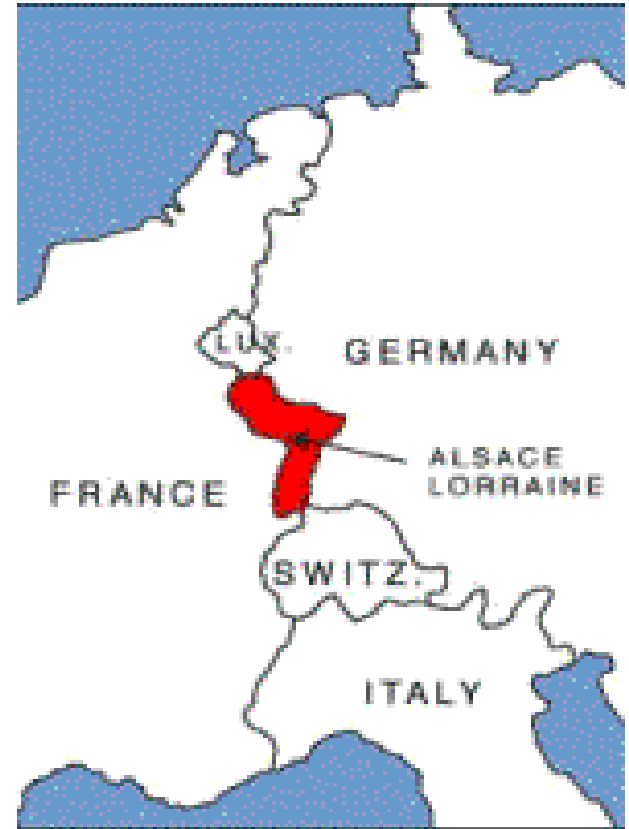
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History of European Integration

- 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 extremes: big advances + big setbacks
- 2000+ - general optimism in economics -> drafting of constitution in political realm -> malaise today?

1950s – prehistory and origins of integration

- 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



1950s – prehistory and origins of integration

THE 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

1950s – prehistory and origins of integration

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)

1950s – prehistory and origins of integration

- “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.

1950s – prehistory and origins of integration

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



1950s – prehistory and origins of integration

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.

1950s – prehistory and origins of integration

- 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

1950s – prehistory and origins of integration

- **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

1960s – Completion of the Customs Union and the Gaullist Challenge

- 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

1960s – Completion of the Customs Union and the Gaullist Challenge

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 – Completion of the Customs Union and the Gaullist Challenge

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”

1960s – Completion of the Customs Union and the Gaullist Challenge

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)
3rd major treaty.

Rewrote the Treaty of Rome to bring about European
UNION

3 important components

- I. 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

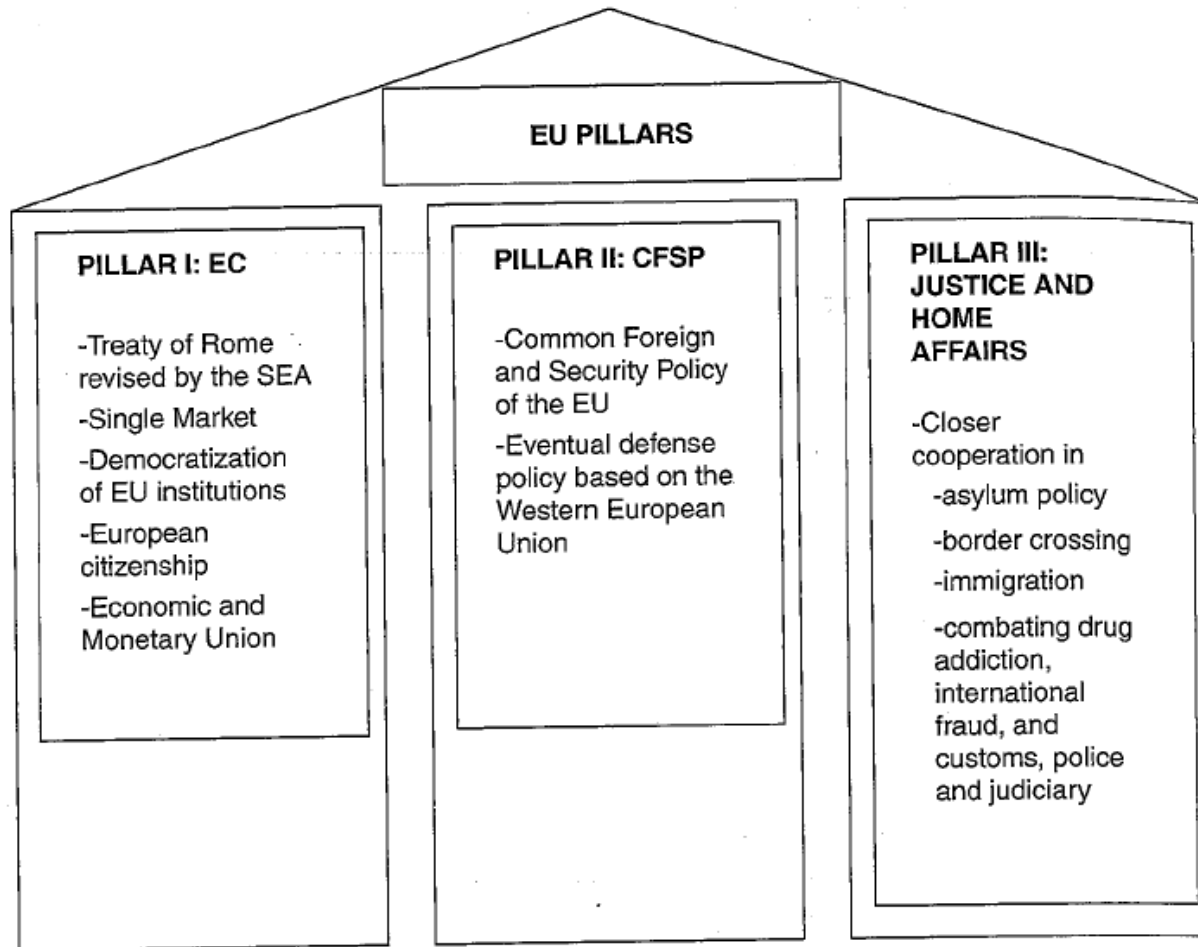


FIGURE 4.1 Three Pillars of the EU

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

2 more treaties:

Treaty of Amsterdam – May 1999

Treaty of Nice – Feb 2003