III. 1957 – 1979: Institutions Consolidated

1. A New Beginning for Europe

March 25, 1957, was no ordinary day in the history of Europe. A continent twelve years out of the ashes of the worst outburst of violence in its history that had left more than 40 million Europeans dead, many of its cities devastated, its economy in shambles, and the world exhausted after waging a bitter campaign to stop the fighting, still filled with dire suspicion about what might come next, possibly again out of Germany and surely out of the Soviet Union. In 1957, Europe was a continent divided by the forces of a Cold War, which more than anything else echoed the fundamental divide between democracy and totalitarianism as the most contrasting concepts to organize the rule of men over men. One form of totalitarianism – national-socialist racism – had been buried along with Hitler's German Reich. The other form of totalitarian dictatorship – communism – was in full swing, no matter how many hopes were aired with the death of Stalin on March 5, 1953. For some in Europe – certainly in France, Great Britain, Belgium, the Netherlands, also in Spain, Portugal and to some extent even in Italy – the world at large was their point of reference. Colonial rule had been exercised for the past centuries in the most remote places on earth. Wouldn't that be the best way to get away from the intricacies of Europe and to pursue the course as a global power? Many in France thought like this, and even more thought so in Great Britain. The British also felt strong transatlantic bonds with the United States of America. Since World War II – like the Soviet Union on its eastern borders – the US had been firmly established as a European power on the western shores of the continent. In 1957, nothing was yet decided as far as the future of Europe was concerned, neither in terms of geopolitical strategy nor regarding the economic development or the evolution of Europe's political systems. Democracy had become a second chance in the Federal Republic of Germany, colloquially labeled West Germany. France seemed to suffer from the idiosyncrasies of its Fourth Republic, tightly knit with the demise of French colonial glory in Indochina and in Algeria. The battle of Dien Bien Phu in 1954 brought a deep humiliation for the once unbeatable French army. The civil war in Algeria was dragging on and in fact escalating. The weakness of the political system in France was symbolized by constantly changing governments.

March 25, 1957, did not transcend all queries and weaknesses, concerns and uncertainties that were flourishing in Europe. Yet it was to become the founding day, the birthday of a new order in Europe with a new structure for Europe through a new beginning among Europeans. The signing of the Treaties of Rome was accompanied by diplomatic protocol appropriate for the moment. The ceremony under the fresco of the battle of the Horatii and the Curatii in Rome's city hall on its famous Capitol Hill was short and serene. Under the statues of Pope Urban VIII and Pope Innocence X, Belgian Foreign Minister Paul-Henri Spaak and the Secretary General of the Belgian Economic Ministry, Count Jean-Charles Snoy et d'Oppuers, French Foreign Minister Christian Pineau and his State Secretary, Maurice Faure, German Chancellor Konrad Adenauer and the State Secretary in the German Foreign Ministry, Walter Hallstein, Italian Prime Minister Antonio Segni and Italy's Foreign Minister, Gaetano Martino, the State and Foreign Minister of Luxembourg, Joseph Bech, and Luxembourg's Ambassador in Belgium, Lambertus Schaus, and finally the Dutch Foreign Minister, Joseph Luns, and the Director for Montan-Integration in the Dutch Eonomic Ministry, Johannes Linthorst Homan, signed the Treaties of Rome. One treaty established the European Economic Community (EEC), the other one the European Atomic Energy Community (EURATOM).

The future that was now beginning was a long and complex one. Whether it was to be successful was not certain on March 25, 1957. That it should become a success story, and in fact a unique, unprecedented experience in Europe and for the world, was the hope of the signatories.

March 25, 1957, was the beginning of "an ever closer union among the peoples of Europe" as the preamble of the Treaties of Rome solemnly, yet somewhat loftily proclaimed.[1] It was not clear what that could mean or should entail. Political will and personal commitment among the signatories of the Treaties of Rome nurtured hope, but skepticism elsewhere in Europe was probably as strong as ever during the next five decades of European integration. "Those who drew up the Treaties of Rome," Paul-Henri Spaak, Belgian Foreign Minister and one of the signatories on March 25, 1957, was to remind members of the Council of Europe in 1964, "did not think of it as essentially economic; they thought of it as a stage on the way to political union." Walter Hallstein, the first President of the European Commission from January 1, 1958, until June 30, 1965, had already underlined the same attitude earlier: "We are not integrating economies, we are integrating politics. We are not just sharing our furniture, we are jointly building a new and bigger house."[2]

This was easier said than done. Mutual suspicion, the scars of two World Wars, divergent political interests and even more so political, economic and social realities and widely different ideas about how to manage the future defined the public discourse

1 *The Rome, Maastricht and Amsterdam Treaties: The Treaty on European Union (Treaty of Maastricht) and the Treaty Establishing the European Communities (Treaties of Rome) Amended by the Treaty of Amsterdam: Comparative Texts*, Genval: Euroconfidentiel, 1999: 6; see also Trausch, Gilbert (ed.), *The European Integration from the Schuman-Plan to the Treaties of Rome: Projects and Initiatives, Disappointments and Failures*, Baden-Baden: Nomos, 1993; Church, Clive H., and David Phinnemore (eds.), *The Penguin Guide to the European Treaties*, London: Penguin, 2002.

2 Both cited in Urwin, Derek W., *The Community of Europe: A History of European Integration since 1945*, London/New York: Longman, 1995: 76; see also Hallstein, Walter, *United Europe: Challenge and Opportunity*, Cambridge, Mass.: Harvard University Press, 1962; Hallstein, Walter, *Der unvollendete Bundesstaat: Europäische Erinnerungen und Erfahrungen* ,Düsseldorf: ECON, 1969.

in Europe as the Foreign Ministers of the six founding states sat down in Rome to sign the Treaties, which their representatives had negotiated during an impressively short period of time. The Treaties of Rome stabilized the trend to go ahead with integration projects in the sphere of the economy without losing sight of political ambitions and without overburdening the chosen path with too many expectations, goals and intentions. Yet the Treaties of Rome finally brought a lasting solution to earlier "trials and errors" and cautious efforts to give European history a new, predictable and positive course after decades of bloodshed and hatred. They brought an answer after more than two centuries of antagonizing nationalism and political structures on the continent that were largely defined by a balance of mistrust, an inclination to hegemony and disrespect for the voice of ordinary Europeans. Nobody could expect that such a history, in fact its underlying mentality and the identities it had generated, were to be overcome within a short period of time or by one wise political stroke. Such a view would have been a complete misunderstanding of "the forces of history." They might be unleashed at some point with all the power that turn them into events every school child will later learn and remember. They are the product of processes and developments, often contingent, paradoxical, unclear and contradictory, which remain to be understood and interpreted by historians. But they are and always will be expressed in multidimensional processes that justify different interpretations. Often they had already received different interpretations during the time of their creation, as much contested before they came into existence as among latter-day interpreters. This interpretation does not want to leave any room for doubt: The Treaties of Rome that came into force after ratification in all six parliaments on January 1, 1958, were a new, a happy, and a successful beginning for Europe. They marked a turning point in the history of Europe.[3]

This turning point confirmed Europe's route to supranationality. As new as the word was the concept. "Above the national," the loose translation does not help to clarify the content either. Supranationality – defined as a method of decision-making where power is shared by representatives of member states of a political body and independent actors of a polity above the nation state – has never been a static notion. It was not available in any library as a condensed theory, ready-made as a book waiting for its practical implementation. Much of the debate about "supranationality versus intergovernmentalism" – filling shelves of books by now – has only limited meaning and relevance. It cannot explain why Europe embarked on a path toward supranationality, how at this particular point in time this new reality in the political life of the European continent evolved, and whether or not the reality emerging through the idiosyncrasies of supranationality has become irreversible and lastingly legitimized. The core of the Treaties of Rome is beyond any doubt: The treaties initiated the most innovative pattern the European continent has experienced since the emergence of the

3 See European Commission (ed.), *40 Years of the "Treaties of Rome": Or the Capacity of the Treaties to Advance the European Integration Process*, Brussels: Bruylant, 1999.

modern nation state. The nation state, based on the notion of national identity and the righteous quest for self-determination, is itself the product of a long process. Notwithstanding all transformations, strengths and flaws, the nation state has defined the political evolution of Europe ever since the late eighteenth century, if not since the late sixteenth century. For at least two hundred years, Europeans were not able to think of politics as being separated from the realities of the nation state. The rest of the world followed suit, largely by force of European imperialism and its rejection in the very name of national self-determination. Elsewhere, European settler colonies came to the same conclusion as their European ancestors: Political life ought to be organized through the medium of the nation state.

Supranationality encompasses two thoughts. On the one hand, it implies the continuity of the nation state. On the other hand, it marks an addition that in turn will transform the original nation state. Nobody has claimed the copyright for the word "supranationality." Mostly it will be seen as another social science jargon. Thus, the theoretical academic debates about the supranational quality of European integration have always been more vigorous than the political process would have indicated. In political reality, the evolution of European integration was guided by facts emanating from the Treaties of Rome. The discourse about "supranationality" or about "federalism" has largely been a reflex of this factual evolution. Yet it has always been an inherent element in the political agitation and public interpretation of European integration through the first five decades of its evolution.[4]

The Treaties of Rome were not the result of a sudden culmination of wisdom and super-human insights into the nature of man, politics and Europe. They were rather the down-to-earth result of daunting negotiations, trial and error, bickering and crises that time and again posed the strongest possible challenge to European policy makers. With the signing of the Treaties of Rome, the contested interpretation of their meaning and consequence began. Interpretation became a permanent pattern in the evolution of European integration. The starting positions for those who were chosen to sign the extraordinary Treaties of Rome could hardly have been more different. The different realities they were embedded in did not change with the signing of the treaties. Different interests did not disappear either. But a new reality emerged, an additional element of factual substance and multiple implications that were barely imaginable on March 25, 1957. France, Germany, Italy, Belgium, the Netherlands and Luxembourg began a

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4 Among the best literature on the integration history see Dedman, Martin, *The Origins and Development of the European Union 1945-1995*, London/New York: Routledge, 1996; Burgess, Michael, *Federalism and European Union: the Building of Europe 1950-2000*, London/New York: Routledge, 2000; Kanthoor, Willem Frans Victor, *A Chronological History of the European Union 1946 – 2001*, Cheltenham: Edward Elgar, 2002; Gillingham, John, *European Integration 1950-2002: Superstate or New Market Economy?*, Cambridge: Cambridge University Press, 2003; Knipping, Franz, *Rom, 25. März 1957: Die Einigung Europas*, Munich: Deutscher Taschenbuch Verlag, 2004; Dinan, Desmond, *Europe Recast: A History of European Union*, Boulder: Lynne Rienner Publishers, 2004.

journey that was intended to lead them through a customs union to a common market and eventually to "an ever closer union among the peoples of Europe". Possible enlargement beyond the original six founding states was implied.

The ingenuity of then Dutch Foreign Minister Johan Willem Beyen will always be cherished as he was the one who presented a plan for an industrial customs union to his colleagues in the other five founding states of the EEC. His plan had originally been launched as part of the concept for a European Political Community that failed in 1954.[5] The dependency of the Netherlands on international trade did not change with such political failures and thus Beyen's "preoccupation with regional economic integration"[6] was a continuous and reliable element in the search for a new European architecture. Trade barriers were by definition against the interest of the Dutch and their partners in Belgium and Luxembourg. In 1944, still in the midst of war, they had set the tone with the creation of a Benelux customs union.[7] Hardly liberated from German occupation, theirs was to be the nucleus experiment of the customs union that was to emerge in Western Europe at large.

That Germany was to be part of this newly emerging reality was altogether a revolution in European affairs. Under the terrible dictatorship of the National Socialists, totalitarianism, racism and aggression emanating from Germany had burnt Europe down to ashes – and ultimately Germany as well. Unlike in former times, the Western allies that had won the war against Germany did finally decide not to punish Germany by isolating or de-industrializing it. They did not squeeze German resources (for understandable reasons) for purposes of reparation, which almost inevitably would have provoked a German sense of revenge. Germany was to be controlled through integration into a newly emerging structure of Western European and transatlantic institutions, policy mechanisms and economic patterns breaking with the past flirtation of Germany to dominate Central Europe in the pursuit of its power policy that was inherently anti-Western (and fearful of Russia alike).

To be afraid of Germany had been a particular and understandable part of the national psychology of France for long time. Three wars of German aggression in less than one century had left deep scars of suspicion on the French national psyche about their eastern neighbors. France was looking for security from Germany, even after the total defeat of the German Reich in 1945. But security from Germany alone would not generate a lasting and sustainable economic modernization of France. Monnet's idea of bringing coal and steel, the resources of power, under supranational control was still somewhat influenced by this attitude of control. But it also opened the way for a

5 Dwan, Renata, *An Uncommon Community: France and the European Defense Community 1950-1954*, Oxford: Oxford University Press, 1996; Ruane, Kevin, *The Rise and Fall of the European Defense Community: Anglo-American Relations and the Crisis of European Defense 1950-1955*, Basingstoke: Macmillan, 2000.

6 Dinan, Desmond, *Europe Recast: A History of European Union*, op.cit.: 67.

7 Castelain, M.F. (ed.), *The Benelux Economic Union: A Pioneer in European Integration*, Brussels: E.D.J. Kruijtbosch, 1987.

complete and courageous reversal of France's national security strategy: The idea to turn the concept of securing France from Germany into one of security for France with Germany and economic cooperation, even while integration with Germany was the most far-sighted contribution French politics could possibly invent after World War II. Yet France did just that, as highlighted by the plan Foreign Minister Robert Schuman presented on May 9, 1950. No direct path led from the Schuman-Plan to the Treaties of Rome as all other subsequent developments of European integration were not dependent on a predetermined path. But the Schuman-Plan changed the strategic parameters under which the reconstruction of Europe was to develop.[8] It was the plan of a wise, great man. The United States, echoed by Secretary of State Dean Acheson, was more than favorable about this turn of French policies toward defeated Germany. In fact, they had somewhat been pushing for this change. Early on, the US supported the idea of a European customs union and the subsequent common market. Europe was to be a much more solid, even attractive partner for the US if its economy was operating under same standards, at least in the democratic part of Europe. In doing so, it would strengthen the democratic revival in Western Europe and its will to defend the democracies of Europe against totalitarian Soviet rule on the eastern side of the Iron Curtain.

The history from the Schuman-Plan to the creation of the European Coal and Steel Community (ECSC)[9], from the failed European Defense Community and European Political Community, to the Foreign Ministers meeting in Messina, and from the Spaak Commission, the Venice Meeting of Foreign Ministers and the Intergovernmental Conference finally to the Treaties of Rome has been studied and described in much detail. Most important remains this key fact: The Treaties of Rome consolidated the quest for a new supranational architecture in Europe. The first EEC Commission President, Walter Hallstein, did not shy away from calling the Treaties of Rome the constitution of Europe. In light of the long history of European integration, the constitutionalization of this exceptional project has often been underrated. Yet, it is true that without a unique treaty at its inception, the founding of an integrated Europe might not have succeeded. The Treaties of Rome must be considered the first founding of Europe. These treaties laid the groundwork for a successful process of reconciliation among the belligerent nations and states of Western Europe. The Treaties of Rome started a top-down process of integration. This process gave a completely new shape to the state structure of Europe. Over five decades, the political architecture of Europe was to change gradually, yet dramatically. The initial decision for a law-based supranational approach had an unwavering long-term effect. After five decades, the citizens of united

8 Dell, Edmund, *The Schuman Plan and the British Abdication of Leadership in Europe*, Oxford: Oxford University Press, 1995; Fontaine, Pascal, *A New Idea for Europe: The Schuman Declaration, 1950-2000*, Luxembourg: Office for Official Publications of the European Communities, 2000.

9 Gillingham, John, *Coal, Steel and the Rebirth of Europe: The Germans and French from Ruhr Conflict to Economic Community*, Cambridge: Cambridge University Press, 1991; Spierenberg, Dirk, *The History of the High Authority of the European Coal and Steel Community: Supranationality in Operation*, London: Weidenfeld and Nicolson, 1994.

Europe were looking for a new rationale for European integration while the leaders of the EU were still busy framing the institutions that were so solidly running the political business of an integrated Europe. At the fiftieth anniversary of the signing of the Treaties of Rome, time had come to realize that the European Union had embarked on its Second Founding. Still, those who were managing the adaptation crisis of the early years of the twenty-first century owed their compass to the exceptional success and genius of the Founding Fathers of 1957.

2. The Treaties of Rome: Content and Interpretation

The Treaties of Rome created two different communities: The European Economic Community (EEC), geared to achieve a customs union without internal tariffs in three stages within twelve to fifteen years, with borderless freedom of goods, people, services and capital and common external tariffs against third countries; and the European Atomic Energy Community (EURATOM), geared to create a common market for the peaceful use of atomic energy, with free movement of nuclear resources, equipment, experts and information, coupled with joint research in the industrial use of atomic energy, but without surveillance of the military use of atomic energy by the EURATOM authorities.[10]

The structure of the European Economic Community followed the logic of the European Coal and Steel Community: a supranational institution, binding the sovereign rights of all participating countries over those sectors and functions of their economy that were agreed upon by the Treaties of Rome and their subsequent elaboration. The European Coal and Steel Community combined "negative integration" (controlling German coal and steel resources) with "positive integration" (doing it jointly on a European level). Its main feature was the institutional arrangement, establishing the High Authority as its chief executive, the Council as the legislature, the General Assembly, a consultative gathering of deputies from the member states parliaments, and the Court of Justice as the final arbiter in case of conflicting interpretation of the Treaties and their implementation. The Treaties of Rome confirmed this institutional structure with certain variations: Instead of a High Authority they established the European Commission, while the Council, the Parliamentary Assembly and the European Court of Justice were to be in charge of all three communities that existed in parallel until the merger of ECSC, EEC and EURATOM into one EC in 1970. The Treaties of Rome also created a new balance between the role of the European Commission (unlike the ECSC's High Authority it was designed as a looser, less

10 Scheiman, Lawrence, *Euratom: Nuclear Integration in Europe*, New York: Carnegie Endowment for International Peace, 1967; Howlett, Darryl A., *Euratom and Nuclear Safeguards*, London: Macmillan 1990.

powerful executive) and the power of the Council, underlining its primacy in different formations as legislature. Domestic and foreign policy matters became increasingly interwoven in the structures of the Council.

There have been many debates about the relationship between the Council and the European Commission, but only one conclusion stands the test of reality and of time: Both the European Commission and the Council have been, and have remained ever since, supranational organs in their own right.[11] The real debate was always about the degree of power of one over the other – or of both in relation to the emerging European Parliament. Neither a European Commission nor a Council had existed in Europe before that day. The balance remained contested and swings of the pendulum in one or the other direction were more usual than atypical over time. Yet the supranational organizational structure of the European Economic Community was intrinsically a novelty for Europe, unimaginable during the age of nationalism.

Clearly, compared with the High Authority of the European Coal and Steel Community, the European Commission that began its work under the Presidency of Walter Hallstein on January 1, 1958, was more dependent upon decisions of by the Council. This primacy of alleged national decisions gave rise to the theory of a predominantly intergovernmental display of the original EEC, one meant to enhance the national good and interest through community means. This is not altogether a wrong analysis. But it is too limited to understand the entire historical dynamics of the process that began in Rome. While decisions of the European Economic Community were to be taken in the Council, it was the role of the European Commission to prepare these decisions and to oversee their compliance with the provisions of the Treaties of Rome. This was not a small role, supported by the choice for Émile Noël as first Secretary General of the European Commission, who stayed in office until 1986, surviving many national governments and eight Commission Presidents. From the beginning, the European Commission was labeled the "protector of the Treaties" – notwithstanding the important role and independence of the European Court of Justice, another exceptional invention originating in the European Coal and Steel Community and confirmed in its supreme authority by the Treaties of Rome.

The interplay between European Commission – originally consisting of nine commissioners – and Council was a typical struggle over power and its balance between executive and legislature known from the evolution of all national political systems. Since the Council was only able to change proposals of the European Commission by way of unanimity, the Commission grew into a pivotal role as far as the interpretation and normative evolution of the Treaties of Rome was concerned. The treaties only

11 Cini, Michelle, *The European Commission: Leadership, Organization, and Culture in the EU Administration*, New York: St. Martin's Press, 1996; Hayes-Renshaw, Fiona, *The Council of Ministers*, New York: St. Martin's Press, 1997; Sherrington, Philippa, *The Council of Ministers: Political Authority in the European Union*, London: Pinter, 2000; Smith, Andy, *Politics and the European Commission: Actors, Interdependence, Legitimacy*, London: Routledge, 2004.

defined a framework for the development of a customs union and the subsequent common market. Thus it was largely in the hands of the European Commission to actively form the European Economic Community, based on its unlimited right to do so according to Article 235 of the Treaties of Rome.

The decision-making process in the Council was based on a weighing of votes, which was driven by the goal to prevent a marginalization of the three smallest EEC member states: Decisions on matters other than the proposals of the Commission – where unanimity was required – were possible only with the votes of four countries. To this interplay between executive and legislative was added the European Parliamentary Assembly, delegated from national parliaments to oversee the activities of the European Economic Community, the European Atomic Energy Community and the European Coal and Steel Community. The 142 delegate members of the Parliamentary Assembly (36 for France, Germany and Italy, 14 for Belgium and the Netherlands, six for Luxembourg) did not carry legislative powers. They were meant to support the process toward a customs union through advice and control. This was by and large also the role of the Economic and Social Committee, with the consequence that both organs were considered equal for a long time in textbooks about the EEC.

The European Assembly grew into a proper European Parliament. The European Assembly itself coined the name "Parliament" on March 30, 1962. At that moment in time, this decision was received with little respect and even less expectation. Yet, over time the authority of the European Parliament grew. In 1979, the citizens of the then twelve EC member states were able to directly elect their representatives into this unique body in the history of European democracy. Within another three decades, the European Parliament became the partner of the Council in legislative co-decision on practically all relevant matters of the European Union.[12] The European Economic and Social Committee remained the consultative body of the social partners, an expression of consociational democracy and decision-making in Europe, that was by now not only established on the national, but also on the supranational level.

One fundamental difference between the European Commission and the High Authority of the European Coal and Steel Community was the fiscal condition under which they were operating. While the High Authority was able to work with its own financial resources – allocated through levies from coal and steel companies according to their turnover – the European Commission and the European Atomic Energy Community were financed by contributions of each member state, thus limiting the independence of action enormously. On the other hand, this procedure confirmed the traditional relationship of an executive to the legislative body of a governance system.

12 On the evolution of the European Parliament since then see: Corbett, Richard, *The European Parliament's Role in a Closer EU Integration*, London: Harper, 2000; Judge, David, *The European Parliament*, Basingstoke: Palgrave Macmillan, 2003; Rittberger, Berthold, *Building Europe's Parliament: Democratic Representation beyond the Nation State*, Oxford: Oxford University Press, 2005.

The fundamental question therefore was not whether the European Commission should gain the right to an independent budget, but whether or not the Council was the only appropriate legislative body of the EEC. As in the tradition of all modern nation states, also in Europe the rule of law was established before parliamentary democracy came to fruition.

180 million Europeans constituted the six founding countries of an emerging European customs union. Article 8 of the EEC Treaty had envisaged a transitory period of twelve to fifteen years to achieve full customs union for industrial goods. By 1962, intra-Community trade had been doubled. Internal custom tariffs had been reduced faster than anticipated – always based on proposals of the European Commission and decisions taken by the Council. By July 1, 1968, all industrial intra-Community tariffs had been abolished and the gradual introduction of a harmonized and finally common external tariff for imports into the EEC had been introduced. The EEC external tariff was in line with the results of multilateral customs reductions negotiated through GATT in the early 1960's. At this point, the EEC was considered to be a particularly liberal economic grouping as its external tariff was less than 35 percent of US, British and Japanese custom barriers. The first steps toward customs union had been taken successfully – and even before schedule – although non-tariff barriers remained the biggest obstacle to the full creation of a common market for goods and to all outsiders trying to do business with the EEC.[13] They were only tackled with the Single Market project, in EC-shorthand the "1992 project" (to commemorate the anniversary of Columbus discovery of America in 1492), more than two decades later.

During the 1960's, the European Commission succeeded in establishing the notorious full-fledged competition policy of the EEC, but could only coordinate cautious efforts to create an industrial policy as counterpart to the Common Agricultural Policy.[14] By 1968, the EEC had survived its biggest institutional challenge so far. The issue was Common Agricultural Policy, a continuous matter of concern ever since.[15] The context in which the matter of financing the Common Agricultural Policy escalated into a severe constitutional crisis was related to the principle of national primacy over community decisions, which was particularly dear to France under President Charles de Gaulle. The inclusion of agricultural policies into the emerging common market was stipulated by the Treaties of Rome, mainly at the insistence of France, where at that

13 See, for example, Government of Australia (ed.), *Customs Union established by European Economic Community: A Review of Major EEC Activities leading to the Establishment of the Customs Union and some Problems this has created for Australia*, Canberra: Department of Trade and Industry, 1968; Vaulont, Nicolaus, *The Customs Union of the European Economic Community*, Luxembourg: Office for Official Publications of the European Community/Washington, D.C.: European Community Information Service, 1981.

14 Swann, Denis, *Competition and Industrial Policy in the EEC*, London: Methuen, 1983; Papaconstantinou, Helen, *Free Trade and Competition in the EEC: Law, Policy and Practice*, London: Routledge, 1988; Blanco, Luis Oritz, *European Community Competition Procedure*, Oxford: Carlendon Press, 1996.

15 Ackrill, Robert, *The Common Agricultural Community*, Sheffield: Sheffield Academic Press, 2000.

time almost 30 percent of the national work force was occupied in agriculture.[16] Germany, on the other hand, did not have more than 15 percent of its work force in agriculture. It had to import agricultural products and was ready to support the agricultural concern of its neighbor in exchange for a speedier opening of French industrial markets for German products. To transfer divergent national regulations for the agricultural market under one common European agricultural framework was a daunting and complex process. A European Market Order for agriculture was considered the only feasible mechanism to provide for the complete free flow of agricultural products in the EEC. The Common Agricultural Policy (CAP) was designed by Dutch Commissioner (and short-time President of the European Commission in 1972) Sicco Mansholt. The decision of the Council on June 30, 1960, was based on four principles: free trade for all agricultural products within the EEC; a market order with gradual harmonization of guaranteed prices; preference for community products executed through a protective system of variable tariffs vis-à-vis agricultural products from third countries; financial solidarity, that is to say financing of the Common Agricultural Policy through a Community budget.

According to the Treaties of Rome, beginning with the third stage of the customs union on January 1, 1966, most decisions of the Council were to be taken with qualified majority. As of 1970, the financial resources for the Common Agricultural Policy were automatically to be allocated to the EEC budget, consisting of custom duties from agricultural and industrial imports into the EEC. As much as this was in line with French interests, under this scheme the European Commission might have acquired genuine budgetary authority. Instead of waiting until 1970, the European Commission wanted to settle the principle question ahead of time with the beginning of the third phase of the customs union. In April 1965 the European Commission proposed that the introduction of the EEC's own budgetary resources as of 1970 would also require budgetary control by the European Parliament as national parliaments were no longer in control of the allocation process. In combination with the prospect of increased qualified majority voting in the Council, this proposal was unacceptable for French President de Gaulle. He feared that France's agricultural interests could be outvoted by others. He ordered French ministers and officials to leave EEC meetings until the matter was settled. Between July 1965 and January 1966 the French chair remained empty.

16 This was to change much faster than the reform of the Common Agricultural Policy. Between 1949 and 1962 1.8 million French workers left agriculture, almost one third of the total agricultural labor force. They went into those sectors of the economy that began to represent the modernization of French industry: chemicals, metal, manufacturers. Between 1962 and 1972 another 1.3 million workers left French agriculture. Because French government was promoting the concentration of industrial ownership as a strategy to speed up economic modernization, many started to work in large national corporations. In 1960, 8 percent of all industrial turnover of France was in foreign hands, by 1980 this figure had increased to one quarter of the whole turnout, in capital goods and chemicals it had even gone up to 40 percent: See George, Stephen, and Ian Bache, *Politics in the European Union*, Oxford: Oxford University Press, 2001: 171.

France agreed to return to Community business in January 1966. The "empty chair crisis" of 1965/1966 ended with the Luxembourg Compromise. It confirmed continuous application of the principle of unanimity in the Council should vital national interests be at stake. The compromise finally reached on the new financial arrangement included French agreement to a German request according to which all remaining intra-Community tariffs on industrial goods be abolished by June 1968 while France succeeded in establishing the mechanism for a community-financed Common Agricultural Policy. Following the crisis, Walter Hallstein announced his resignation as President of the European Commission ahead of time in July 1967, when the merger of the European Community with EURATOM and ECSC was to come into effect. He had become a target of strong critique by de Gaulle, who rejected the allusion that Hallstein could operate like just another head of government.

This institutional conflict was indeed at the center of the crisis. More than an institutional conflict, it was a constitutional one, covered by the important issue of how France was to achieve its agricultural interests in the EEC. At the end, the outcome of the crisis could have been worse. What would have happened if France had left the EEC? The power struggle over the primacy of decision-making in the EEC cannot really surprise anyone. It would also be insufficient to only analyze it in categories related to the issue at stake and the specific national interests involved. During the first phase of the European Economic Community clashing interests, which quickly could have translated into constitutional conflicts, could have easily undermined the political fabric of the whole construction. Thus at the end, the "empty chair crisis" strengthened European integration as it confirmed the political will and shared interest of all participating countries to pursue the path of supranationality set by the Treaties of Rome, no matter how much the art of compromise was necessary.

Often, the "empty chair crisis" is analyzed as proof of the primacy of intergovernmentalism in European integration. This is a static and almost theoretical conclusion of the complexity of the event and its result. It would be enlightening to broaden the perspective and to recognize that the supranational approach as such did not only survive the crisis of 1965/66, but that in the end it was strengthened with the merger of the EEC, EURATOM and ECSC that also was decided as part of the "package deal" between France and Germany at the Luxembourg summit. The "empty chair crisis" was almost an inevitable conflict of constitutional interests that did not destroy the underlying constitutional claim of integration. In light of the changes in France from the Fourth to the Fifth Republic, a complete constitutional revocation of the Treaties of Rome would not have been unimaginable given French constitutional habits. The fact that it did not happen proved de Gaulle's ultimate commitment to recognize the path taken with the Treaties of Rome.

Moreover, the "empty chair crisis" should also be seen as the first interplay of domestic political preferences and European choices. It was a conflict about political norms and priorities as they occur in any pluralistic democracy. In 1958, such a constitutional battle had occurred in France itself. Over the following decades, the EU would see other constitutional battles, be it the budgetary clashes with Euroskeptic Britain under the Premiership of Margaret Thatcher, disputes over the weighing of votes at the Nice Summit in 2000, or the final quarrels about the voting rights under the European Constitution. These intra-community quarrels express legitimate political and even constitutional disputes as they occur in any nation state. As European integration by definition is a supranational addition to the levels of governance in Europe, traditional national debates and preoccupations, interests and normative conflicts also reach the European level. In fact, domestic politics becomes Union politics – and vice versa. The "empty chair crisis" was a first time experience of this challenge to supranational integration from within the process.

Another experience of later integration processes also became visible during the time of testing of the Treaties of Rome in the 1960's. In sum, European integration and its effects are neither the product of "nebulous visions of European unity" nor of "concrete calculations of national advantages" alone.[17] European integration is as much about an intention-effect-nexus that very often is unpredictable. Its development cannot properly be anticipated and fully outlined in advance. Germany started the path into European integration with the hope for rehabilitation. France began it with the clear intention to dominate European integration. German integration changed from a negative one (controlling Germany through integration) to a positive one (integrating Germany for the benefit of the whole). France changed from a sense of natural superiority and fear of Germany to the recognition of European institutions and procedures that require compromises even on the part of the strongest. By developing common interests, all partners of the integration process gained.[18] But the greatest gains were at the supranational level: The treaty-based European Community was consolidated and strengthened as a unique form of policy conduct.

The Treaties of Rome have opened this new chapter of dynamic experiences in the European polity. In many cases, individual decisions in the European Economic Community – and later in the European Union – were made under circumstances different from those that they initiated. The calculus of the intention that was at the cradle of each decision – no matter how big or small – did not always materialize. In fact, the effects of a decision often changed the original calculation and intention. It seems as if this is the only constant law of politics. In so far as European integration can be interpreted through the lenses of this "law," it proves the quintessential political nature of the process of European integration. This has been the ultimate testimony to the imaginative political wisdom expressed by those drafting, negotiating and ratifying

17 Dinan, Desmond, *Europe Recast: A History of European Union*, op.cit.: xiii.
18 See Wilkens, Andreas (ed.), *Interessen verbinden - Jean Monnet und die europäische Integration der Bundesrepublik Deutschland*, Bonn: Bouvier, 1999.

the Treaties of Rome.[19] The rest became “history,” but the making of the Treaties of Rome and thus the beginning of the extraordinary path toward European integration was an extraordinary moment for Europe.

3. Challenge and Response at Work

The wisdom inculcated in the Treaties of Rome did not come about as a law of nature or a gift from heaven. It was rather the reaction to a deep crisis in the effort to reorganize the political architecture of Europe. In fact, it was a combination of three responses to a set of three interrelated, but separate challenges:

- A response to the shock of failed community-building through the means of a European Army and a Common Defense Policy under French control.
- A response to the experimental experiences with a variation of mechanisms to bring about a new architecture for Europe none of which had really gained momentum yet.
- A response to the recognition of continuous trajectories of state behavior, national psychologies of suspicion and political perceptions of mistrust that had to be overcome if Europe was to truly begin anew and consolidate its order under newly emerging external threats and pressures.

The failure to succeed in realizing a European Defense Community and a European Political Community between 1952 and 1954 came as a blow to the hope of many that Europe had finally overcome its divisions and was ready to embark on a common path. With the outbreak of the Korean War on June 25, 1950, French resistance to an early rearmament of the Federal Republic of Germany, only five years after the unconditional surrender of the German Reich, was shattered.[20] The United States were redesigning their global posture and considered a loyal Germany to be an asset. Instead of pursuing suggestions to de-industrialize Germany and keep it demobilized, they calculated with a strong economic recovery and a loyal strategic partner in the Cold War. Within two days of the North Korean invasion, Seoul was taken by their army. Should the same fate

19 For many details see von der Groeben, Hans, *Aufbaujahre der Europäischen Gemeinschaft - Das Ringen um den Gemeinsamen Markt und die Politische Union (1958-1966)*, Baden-Baden: Nomos, 1982; Küsters, Hanns Jürgen, *Die Gründung der Europäischen Wirtschaftsgemeinschaft*, Baden-Baden: Nomos, 1982.

20 Only two days after invading on June 25, 1950, North Korean troops, well equipped with Russian tanks, had occupied Seoul. By September 25, 1950 the North Koreans had been pushed back after a UN Force had been able to defend the city of Pusan and after General MacArthur had succeeded with a seaborne landing at Incheon. In November 1950, South Korea had to suffer a second invasion, this time by Chinese forces. On January 3, 1951 they had again occupied Seoul, only to be pushed back on March 15, 1951 by the US and UN Forces. After a long stalemate, an armistice between the two Koreans was signed on July 27, 1953 in Panmunjom.

not occur on the Rhine, Germany was to rearm, both the Americans and the German government under Chancellor Konrad Adenauer concluded.[21]

Adenauer saw this move also as another step toward full rehabilitation of his country. France could hardly bear the idea to see Germans in uniform again. To do this under the structures of the North Atlantic Treaty Organization (NATO) was another hard demand on the French. NATO was founded in 1949 at the outbreak of the Cold War and soon gained reputation as the single most important expression of a transatlantic community that was to link the US and its European partners in the most successful military alliance ever over the next half century. But in the early 1950's, for France the choice was either a US-led security system for Europe or a European security arrangement ultimately led by France. A Foreign Ministers Conference of September 12-16, 1950, in Washington showed French isolation on the matter of German rearmament. Under this pressure, Jean Monnet, the "father" of the European Coal and Steel Community, conceptualized another plan aimed at transferring the supranational method of the community of coal and steel to the military sphere. His concept was accepted by French Foreign Minister Robert Schuman and Prime Minister René Pleven, who presented it as his plan to the French National Assembly on October 24, 1950. Events in the world, the French Prime Minister stated, would leave no choice but to immediately move from transferring coal and steel under the roof of a supranational community to the communitarization of defense through a common European army.

The next meeting of the NATO Council on October 28, 1950, did not reach agreement whether or not German rearmament should take place under the umbrella of US-led NATO or as part of a European Army largely under French hegemony. The US could accept a European Army if it was to recognize NATO leadership. Neither American skepticism nor the effort of Stalin to seduce the Federal Republic of Germany onto a path toward national reunification under conditions of neutrality (Stalin Note from March 10, 1952) could stop the negotiations among the six European members of the European Coal and Steel Community on the creation of a European Defense Community, coupled with a European Political Community. On May 27, 1952, the treaty of the European Defense Community was signed. The result of focused negotiations among six West European countries was the concept of a European army, consisting of 40 divisions, out of which twelve were to be German. A European executive organ was to supervise all relevant questions, including training and recruitment, military production and selection of equipment. The Court of Justice of the European Coal and Steel Community was to be in charge of protecting the full implementation of the defense union treaty.

21 Giauque, Jeffrey Glen, *Grand Design and Vision of Unity: The Atlantic Powers and the Reorganization of Western Europe, 1953-1963*, Chapel Hill: University of North Carolina Press, 2002.

A fierce German debate on the whole matter ended with the ratification of the Treaty installing the European Defense Community and the European Political Community on March 9, 1953, by the German parliament. France went through difficult political waters: between 1950 and 1954, the country experienced eight coalition governments with seven different Prime Ministers and three different Foreign Ministers. Then came the showdown: Pierre Mendès France, who had been in office as Prime Minister since June 18, 1954, ended a heated and highly controversial public debate about the wisdom of sharing sovereignty over the French army with other European partners, and the Germans in particular, by failing to give a recommendation to the National Assembly in favor of ratifying the Treaty on the European Defense Community. On August 30, 1954, the National Assembly, with a majority of Gaullists, communists and half of the radicals and socialists, decided to postpone the decision on the treaty sine die (319 to 264 votes).[22]

Soon thereafter, Germany was to join NATO in 1955, a step already prepared for during the long time of waiting for the ratification of the treaty on European Defense Community. While public attention at the time – and scholarly work thereafter – mainly focused on the failure of the European Defense Community, the fate of the European Political Community almost fell into oblivion. Efforts made at the time were impressive and did anticipate many of the suggestions that were again generated during the Constitutional Convention in 2002/2003. Already during the inaugural session of the Parliamentary Assembly of the European Coal and Steel Community on September 10, 1952, the six Foreign Ministers had been given orders to develop a concept for a European Political Community. The work of a commission under German politician Heinrich von Brentano presented a draft European constitution, which the ECSC Assembly almost unanimously agreed upon on March 10, 1953. The draft constitution was highly federal, with a two-chamber system, one directly elected by the people of Europe, the other (Senate) delegated by the national parliaments. The European government should serve as the executive, its president elected by the Senate. Together, the two chambers of parliament should have legislative powers. A Council should be the intermediary between the national governments and the European institutions. The Council of Justice would be the final arbiter and protector of the community constitution. ECSC and the newly founded European Defense Community should gradually be integrated under the roof of the European Political Community, which would uphold competences for foreign and security policies as well as for economic and monetary policies and the organization of a common market. In substance, the European Constitution of 2004 and the Reform Treaty of 2007 did not go beyond the original

22 Nock, Paul, *Das Scheitern der Europäischen Verteidigungsgemeinschaft: Entscheidungsprozesse vor und nach dem 30. August 1954*, Düsseldorf: Droste Verlag, 1977; Fursdon, Edward, *The European Defense Community: A History*, New York: St. Martin's Press, 1980; Odul, Véronique (ed.), *Décision et Indécision dans la Querelle de la Communauté Européenne de Defense, 1950-1954*, Paris: Centre d'Histoire de l'Europe du Vingtième Siècle, 2004.

proposals of the 1953 draft constitution. With the failure of the European Defense Community, the draft European constitution of 1953 went into the archives.

Although this happened without too much public row, the shock of the failure of the European Defense Community was rather deep. Stalin's death on March 5, 1953, and the Korean armistice on July 27, 1953, seemed to suggest a certain reduction of international tensions. Yet the failure of establishing a European army did not answer the burning question of how Europe's security was to be organized, if at all. August 30, 1954, was a black day for Europe. It was all the more astonishing that it took only a few months for a new initiative on European integration to appear. All in all, a handful of far-sighted European politicians, like-minded in spirit, but certainly in disagreement on many of the details and the long haul of the path European integration should take, did not give up. In fact, they left a legacy of European commitment, political will and the ability to forge compromises after having suffered defeat with the European defense project.

Jean Monnet has to be mentioned. The agile, creative President of the High Authority of the European Coal and Steel Community was worried that if integration would come to a close the limited effort of the community for coal and steel might be doomed as well. During the immediate months following the failure of the European Defense Community and European Political Community, more than fifty concepts were developed under his supervision in the ECSC.[23] He and his advisers suggested the extension of competences of the High Authority beyond coal and steel to the transportation sector and to the whole energy sector, atomic energy in particular. Since the waiver of atomic secrets by the US government in December 1953, the prospect of a peaceful use of atomic energy had become an interesting concept for Europe to meet the rising energy demand in its period of post-war recovery.[24]

Paul-Henri Spaak, Foreign Minister of Belgium since April 1954 and an ardent European federalist, has to be mentioned. He was ready to support the concepts Monnet would develop and give them the political backing among his colleagues of the six ECSC countries. On April 2, 1955, Spaak opened the new chapter of Europe's integration history with a letter to his colleagues suggesting to convene a conference to cautiously reconsider among them the launching of a new European integration initiative. Jean Monnet would head this conference that was to discuss the prospects of extending the competencies of the European Coal and Steel Community to the sectors of transportation, air transportation included, and the whole of the energy sector, atomic

23 Knipping, Franz, *Rom, 25. März 1957: Die Einigung Europas*, op.cit.: 82.

24 The open question was whether or not natural uranium from French and Belgian colonies in Africa should be used or enriched uranium generated through the fusion technology that had been developed in the US. This suggested again a competition between France and the US over the prospects of German industrial development: Would the French be able to organize atomic energy according to their interests, the Germans would be prevented from embracing American technology for the development of their atomic energy policy.

energy in particular. A new community should be considered to deal with the common use of atomic energy under the roof of one European market.

Johann Willem Beyen, the Dutch Foreign Minister and an internationally renowned expert on financial and economic matters in office since September 1952, should not be forgotten. Already during the debates about a European Political Community he had suggested that a political community could not work without an economic base. Beyond partial integration of certain sectors of the economy, a horizontal integration of the whole of the economy under the supervision of a common executive was essential. In reply to Spaak's letter, Beyen proposed that the three governments of Belgium, Luxembourg and the Netherlands jointly take the initiative to bring about a supranational authority, whose goal would be the creation of a common market.

Last but not least, Konrad Adenauer, German chancellor from 1949 and during those days also Foreign Minister of the young Federal Republic, must be mentioned. Internal debates in his government were imminent – both with Economic Minister Ludwig Erhard, who favored a free trade agreement over any regularized European market, and among the chief advisers of both Adenauer and Erhard. Ultimately, Chancellor Adenauer decided that German industry could regain its traditional pre-war strength only through its incorporation into the world economy by way of an integrated West European economic market rooted in a customs union. Both Monnet and Spaak had considered the proposals of Johann Willem Beyen as too far-reaching and not realistic. In response to Spaak's letter, they learned that the German government would favor an atomic energy market only if it were to be part of a larger common market based on customs union. When the six Foreign Ministers of the European Coal Steel Community met in Messina from June 1 to 3, 1955 – shortly before communal elections took place in this home town of Italy's Foreign Minister Martino – they asked Paul-Henri Spaak to supervise an expert committee studying the option of both a horizontal market integration and an extension of the sector specific, functional integration that had begun with coal and steel.

Between July 1955 and April 1956, a committee of government representatives and experts under the leadership of Paul-Henri Spaak conceptualized the report later named after the Belgium Foreign Minister. Following one more meeting of the six Foreign Ministers in Venice on May 29 and 30, 1956, between June 1956 and March 1957 an Intergovernmental Conference worked out the two founding treaties for the European Economic Community and for the European Atomic Energy Community. The shock of failure in 1954 and the limited experience with the European Coal and Steel Community that could somehow be used helped to reach a success achieved with unexpected speed and permeated with a cooperative spirit. None of this could be considered normal in the mid-1950's. That is and remains the legacy of the "founding fathers" of the Treaties of Rome.

The United States served as “federator” with its dual intention to stay in Europe in order to guarantee its peace and to bring the Europeans together in a spirit of cooperation and partnership. During the 1960’s, when European integration began to flourish, the US tried to strengthen its influence over the highly dynamic economy. While the US served as a positive federator, the two crises of 1956 turned it into a negative federator: the nationalization of the Suez Canal, indicating to France and Great Britain the end of their world power status and the new primacy of the US in the Middle East; and the Soviet invasion of Budapest, indicating to all of Western Europe the danger of Soviet expansionism were they not to organize security, stability and affluence together.

Under shock and pressure the six founding countries of the European Economic Community achieved a unique result in the political history of Europe. They were able to connect and integrate earlier debates about the primacy of a free trade agreement versus the concept of a common market; this included the limited effect of the Organization for European Economic Cooperation (OEEC), the experience with the intergovernmental Council of Europe, operating since 1949 as the eldest European institution, and the controversial debates within each of the six ECSC governments. The United States under President Eisenhower and Secretary of State Dulles supported this path explicitly.

The pressure under which the six ECSC governments stood can hardly be measured with contemporary methods. Public opinion polls barely existed and media coverage of the events was both limited and had less impact on policy processes than in later decades. The Treaties of Rome were a sign of political leadership, albeit under the influence of pressure and challenge that made their result, content and outcome more unlikely than likely. Yet the Treaties of Rome were negotiated, decided upon, signed and ratified in due course of time. They became in more than one way a model that later decision-making on European integration matters could not live up to. Yet the circumstances in the mid-1950’s were different and indeed special. No matter the failure of the European Defense Community, no matter the limited scope of ECSE, OEEC or the Council of Europe: The biggest challenge of all had been World War II. This most horrible of experiences had been only just a decade behind the European nations and the leaders of the six ECSC countries. All of them had gone through this ordeal and had come out of it with deep convictions about necessary change in the direction Europe was to develop politically, economically and culturally.

World views, causal beliefs and principled beliefs came together in an exceptional leadership generation.[25] Tested by horror and yet fully committed to work for a better Europe, the Founding Fathers of integrated Europe are without any earlier example in

25 On these three dimensions in the conduct of foreign policy see Goldstein, Judith, and Robert O. Keohane (eds.), *Ideas and Foreign Policy: Beliefs, Institutions and Political Change*, Ithaca/London: Cornell University Press, 1993.

the entire history of this old continent. They surely deserve a place in the House of European History to be built in Brussels as a contribution to this exceptional generation and the success of European integration thereafter.

In the end, timing matters in politics as much as interests, principles and power.[26] A challenge that is not dealt with at a certain moment in time might grow into an uncontrollable crisis. A missed opportunity cannot be invented again. Momentum lost might spoil and destroy a long-term effort, no matter how successful it had looked thus far. One of the underlying premises of the Treaties of Rome was the conviction among its signatories that in the future no European integration scheme should be torpedoed and destroyed as the victim of one parliament's decision or non-decision. In later decades, this conviction has been stretched to tame the effect of national referenda in member states on integration matters. As much as this sounds undemocratic – and in fact it is undemocratic if democracy is defined by its most excessive liberal connotation – its practice has become a protective shield against the contingencies, idiosyncrasies and populisms of national democracies, which prevail in Europe to this day.

The making of the Treaties of Rome was not only a brave response to the multidimensional challenge of internal affairs, European experience and national trajectories. It also laid the groundwork for a specific habitual component of the European integration process that was to prevail: The emergence of a specific European "chemistry." European integration is not the least about trust and the emergence of a common history. It is about the specific effort to forge political compromises before formal decisions are taken. As much as the formal weighing of votes has become part of the European routine, the "typical" European political process has always been rather deliberative, consensus-oriented and driven toward conflict reduction. This has been all the more evident the higher the stakes and differences were and the louder the public noise was to become. This habitual pattern of European integration "chemistry" has endured and substantially grown through the first five decades. Programmatic differences crossed national and party boundaries on practically every specific issue on the European agenda. Only after the consolidation of the integration process, and with a structural change in the notion and effect of Europeanization since the 1990's, has the political process become more political and openly divisive. It was argued that this was necessary in order to establish a parliamentary democracy that was far from being at the heart of the considerations leading to the Treaties of Rome.

Yet the defining moments for European integration required highly competent and courageous political leadership, nationally as well as on the European level, to combat inertia, skepticism, embedded interests, fear and prestige. European integration is a specific form of policy-making. It is not secretive or above comprehension. It is not better than most other policy-processes the world knows. It is debatable whether or not

26 See Riescher, Gisela, *Zeit und Politik: Zur institutionellen Bedeutung von Zeitstrukturen in parlamentarischen und präsidentiellen Regierungssystemen*, Baden-Baden: Nomos, 1994.

European decision-making is more or less efficient when efficiency is measured in the time span and the work load of discussions, meetings and the yet further discussions it takes to come to final decisions in single EU member states. But whenever decisions are taken by the EU, they can be considered European political decisions on European political interests, a complete novelty in the course of Europe's history. Moreover, these were decisions taken on the basis of commonly accepted rule of law, embedded in contractual consent and political will.

The history of European integration has been written mostly through the lenses of specific national considerations. Alternatively, rather limited case studies were conducted. Another option is theoretical reasoning, trying to justify the superior logic of one theoretical argument over the other. In reality, European integration has always been a down-to-earth process of political bargaining intended to achieve a common European good. This in itself was unheard of in the past and should not be belittled in the name of abstract notions of efficiency.

"The common market was a Dutch initiative," Martin J. Dedman concluded his fine narrative of its evolution, but the Treaties of Rome "largely reflected French preoccupations."[27] It was to become an enormous success story for all: By 1972, West German GDP per head had grown by 178 percent as compared to the level in 1958, in France it had grown by 185 percent, in Italy by 180 percent. To further put the success in context, one needs to note that in Great Britain – first by staying out of the EEC process and later hindered twice in joining it by France (in 1963 and in 1967) – GDP per head grew by 140 percent over the same time span. The political success of the EEC can hardly be measured by statistics alone because one also needs to balance its economic effects against all the histories of failure and destruction, power and violence that seemed to embody Europe for most of its history prior to the first truly energetic and lasting move to integration.

4. Emerging European Interests

The first period of European integration was marked by an incremental evolution of four distinct European interests:[28]

a) An organic recognition of the European Economic Community as a community of law, which meant the often painful national experience in accepting the primacy of community law over national constitutional and political decisions;

27 Dedman, Martin J., *The Origins and Development of the European Union 1945-1995*, op.cit.: 102.

28 Landau, Alice, and Richard G. Whitman, *Rethinking the European Union: Institutions, Interests, and Identities*, Basingstoke: Macmillan, 1997; Piattoni, Simona, *Clientelism, Interests and Democratic Representation: The European Experience in Historical and Comparative Perspective*, Cambridge: Cambridge University Press, 2001; Elsig, Manfred, *The EU's Common Commercial Policy: Institutions, Interests and Ideas*, Aldershot: Ashgate, 2002.

b) A genuine “community spirit,” that is to say habitual modes of action within the community institutions and around them;
c) The ability to develop common positions through compromises although (or just because) the starting points – either because of socio-economic realities or because of political or cultural interests – were different and often seemed non-convertible; and
d) An incessant political will among the political elites, which were involved in the process, to search for a new beginning (“relance européenne”) whenever a crisis had obscured the prospects for further integration.

(a) The founding period of the European Economic Community as a treaty-based community of law could not naturally resort to common given interests. Many interests of the countries involved in the evolution of the EEC differed considerably. Within EEC member states, political discourses were also split on many of the important issues and propositions. If anything, that indicated one trend: Europe had again become a lively democracy. It was a limited democracy, however, as far as the dimension of parliamentary democracy on the level of the EEC was concerned. In 1958, the idea of transforming the EEC into a supranational parliamentary democracy was more than far-fetched. The implementation of the Treaties of Rome required patient and steady work through mechanisms both among the EEC institutions and between them and the member states, their governments, parliaments and public discourses on the relevant matters. This created a complex web of awareness, competencies, practice and experience, which was defined by formal policy processes, but was also beginning to shape the informal nature of matters and encounters in the EEC. Both formal and informal procedures were beginning to matter.

The first period in the history of European integration was marked by the gradual development of understanding among the participating members of the European Economic Community that the community was not “the other,” but part of one’s own policy process and oneself in the newly emerging European political system. European law became the key to foster this recognition. Astonishing enough, from the beginning the creation and role of the European Court of Justice (ECJ) was less contested than any other institution of the EEC. Yet it was to become potentially the most influential one.[29] Two landmark cases in 1963 and in 1964 endorsed the theory of the primacy of EEC law: In the “Van Gend en Loos vs. Nederlandse Administratie der Belastingen” case of 1963, a Dutch trucking firm had brought its case against Dutch customs authorities to the court, claiming that it was against community law to be charged with import duties on products imported from Germany. The European Court of Justice ruled in favor of the company, outlining that the EEC “constitutes a new legal order of international law

29 Granvik, Lena, *The Principles of Direct Effect and Direct Applicability in European Community Law*, Abo: Abo Akademi, 1996.

for the benefit of which the states have limited their sovereign rights". Only a year later, in the case "Costa vs. ENEL" the European Court of Justice had to deal with charges against Italy's leading national electricity supplier. It came to the conclusion that EEC law is superior to national law. Since member states had definitively and voluntarily transferred sovereign rights to the EEC, its law could not be overruled by national law without questioning the legal basis of the EEC itself.

(b) Not only the clubbing of "Eurocrats" in Brussels, with their particular and sometimes overly excessive transnational habits, but also the transformation of relationships among acting politicians and diplomats, through continuous experiences in meeting their community partners, were instrumental in creating this specific "European-ness" in the corridors of EEC institutions. All latecomers to the EEC, and subsequently to the EU, immediately became aware of this particular spirit. Mostly they adjusted rather quickly to the community spirit. Over time, a whole network of lobbying institutions evolved around the formal community institutions, supplemented by a growing number of journalists. Even academics started to be organized in a community context, and it was only a question of time before genuine historical work on European integration began to emerge, sponsored by the EC, but also elsewhere.[30] At the core of this period of "Europeanization" lay the evolution of the *acquis communautaire*, a set of legal and political norms, formal and informal procedures, and, last but not least, modes of behavior in EEC institutional circumstances. The *acquis communautaire* became the door through which every possible newcomer had to go. Membership in the EEC did not become a matter of choice through the renegotiation of the EEC's basic regulations. From the beginning it was – and remains to this day – a matter of adaptation to the European Community – now the European Union – rules and regulations, formal and informal, at best alleviated through certain periodical exemptions. The EC paid a high price for granting "opt-out" conditions to euroskeptical governments in Britain and Denmark. In the end it was an acceptable price to pay for growing into a truly continent-wide operation. But a price it was.

(c) A "community spirit" did not merely evolve because it was forced upon the participants by the European Court of Justice. It was also cemented by the experience that different interests can be brought together toward a commonly defined goal without negative consequences for any of the participants. It was not a simple "win-win" game for all; nor was European integration the product of a simple "spill-over" mechanism as suggested by early theoretical reflection about its trajectory. European integration was much more "trial and error" and time and again the recognition of the need to respond to

30 See, for example, Lipgens, Walter (ed.), *Sources for the History of European Integration (1945-1955) - A Guide to the Archives in the Countries of the Communities*, Leyden: Sijthoff, 1980; Perron, Régine (ed.), *The Stability of Europe - The Common Market: Towards European Integration of Industrial and Financial Markets 1958–1968*, Paris: Presse de l'Université de Paris-Sorbonne, 2004.

an inevitable challenge beyond the means and decision-making powers of the nation state. No major decision in the EEC occurred without controversial national debates. It is therefore insufficient to conclude that countries were pursuing divergent, if not antagonistic positions. Often national political debates cross-fertilized debates elsewhere. The gradual emergence of a multilevel governance system was always ahead of the creation of a multilevel system of policy discourse. But European integration has increasingly become adjusted to this phenomenon according to which party political interests across the European Community serve as an additional layer to the bargaining mechanisms among national governments.[31]

The more the European Parliament rose from a consultative assembly to a directly elected body with more or less impartial co-decision-making powers in the legislative process, the more all of the various actors and layers of a stable, cohesive parliamentary system of governance eventually came together on the level of the EU. The binding glue amidst all difficulties and periods of crisis, adjustment and consolidation of the European Economic Community were the unwavering provisions of the Treaties of Rome: A common market was to be achieved based on the primacy of legally binding decisions. This early contractual promise has remained at the core of European integration ever since March 25, 1957.

(d) The integration path was not only a permanent story of bargaining and bickering. In a more fundamental way, it has been a continuous effort to square the circle – with obviously different effects and sometimes ambivalent success. The key dispute before the Treaties of Rome were able to even come about already indicated the future trend: The idea of beginning European integration with the goal to establish a common market – promulgated in general terms for the first time by French Agricultural Minister Pierre Pflimlin at the Council of Europe in March 1951 – was not enthusiastically shared by all actors involved in the process, not the least in his own country; controlling Germany's production of coal and steel was one thing, but to let them have equal access to the French market was quite another idea. In fact the notion of a common market encountered strong resistance by the representatives of two schools of thought: by those who favored the development of a European free trade agreement and by those who thought that sectoral integration along the model of the ECSC should remain the reference point not to be overburdened by too big an idea.

It seemed widely plausible to spread supranational cooperation to the transportation sector. But the idea of promoting a special agency for atomic energy was not intuitively shared by all other partners. In fact it stemmed from the calculation of Jean Monnet that European integration had to serve the purpose of modernizing the French economy

31 See, for example, Featherstone, Kevin, *Socialist Parties and European Integration: A Comparative History*, Manchester: Manchester University Press, 1988; Jansen, Thomas, *The European People's Party: Origins and Development*, Basingstoke: Macmillan, 1998; Gehler, Michael, and Wolfram Kaiser (eds.), *Christian Democracy in Europe since 1945*, London/New York: Routledge, 2004.

should it be able to catch up with the German economic potential. To force the Germans into a common agricultural market would have to be paid for by a further opening of the French market for German industrial goods. But in order to strengthen France's economic competitiveness, Monnet calculated, it would be vital to increase research on and the practical application of atomic energy, preferably also paid for by France's partners without losing French influence over the process and France's sovereignty on matters of the military use of atomic energy. This position could hardly be matched with the proposal of a horizontal customs union leading to a general common market. There was to be only one solution. All partners had to agree on both approaches at the same time. So they did, and the Treaties of Rome created not only the European Economic Community, but also the Atomic Energy Community.

This arrangement set a precedent; moreover it echoed an unalterable fact: European interests were not to be achieved by simply pooling the resources of the partners of the integration process together. Although they shared the principle goal of peace and cooperation, all of them had to find arrangements that reflected different realities and hence different interests in each of their countries and societies. To achieve and maintain peace in Europe was an easy consensus after World War II, to support European integration in general terms as well. Even the idea to promote an ever closer union among the peoples of Europe was to be agreed upon by all rational politicians who had survived two world wars. But how to do it and with which intention – that remained an incessant conflict out of which robust und sustainable European interests deserving the name emerged only gradually. European interests are only those interests solidly agreed upon by all partners, not only in so far as their content, but also in so far as their intended goal and the practiced means needed to achieve it. Whenever this combination of considerations does not materialize, one cannot speak of European interests.

Politicians of all backgrounds tend to use the term European interests very casually to this day. This is significant in two ways: It speaks to the existence of a European public discourse about the formulation and implementation of these very interests, but it also testifies to the difficulty in properly and eventually bringing them about. The decision of the Intergovernmental Conference of 1956/1957 to agree on the establishment of two different European Communities – in fact adding to the European Coal and Steel Community and not taking into consideration the potential role of the Council of Europe, of the OEEC or of the Western European Union (WEU) – did not add to European cacophony and confusion, as one might have expected. Instead, it was the first application of a specific European way to deal with differences in background, approach, methodology and intention without losing sight of a joint commitment to furthering European integration.

The biggest success in the evolution of a multilevel European governance system during the early phase of EEC development is related to the evolution of genuine community resources for financing community policies.[32] This was no easy path and not an easy issue. Transferring national sovereignty to a supranational body was already hard enough a price to pay for traditional politicians, raised under the primacy of the nation state. Giving up budgetary rights would imply more: It would forfeit a parliamentary right that had grown in all European democracies and had become – rightly so – an embodiment of the legitimacy of parliamentary democracy. How could budgetary rights be transferred to the level of the EEC when the EEC did not operate as a parliamentary democracy – and should never do so in the eyes of ardent believers in the primacy of the nation state? To join forces with European neighbors out of necessity or even in order to enhance specific national interests was acceptable, but to give up budgetary rights to an executive that was not controlled by a parliamentary body on its proper level of operation seemed a non-starter. The final answer could only be: If the European Economic Community was to gain budgetary authority, budgetary rights had to be transferred from member states to the EEC, coupled with parliamentary control on the level of the EEC. But at that moment in time it was evident that neither taxation nor representation was a favorable idea for die-hard proponents of the primacy of the nation state, which they began to caress in the name of its ability to provide and protect democracy.

An equivalent to the battle cry of the American Revolution was not heard in the uniting Europe. Over time, its reverse notion grew louder: “representation without taxation.” At least some combination of “taxation and representation” began to develop on the European level, slowly but steadily. But it began by contradicting all rules of parliamentary democracy so well upheld in post-war Europe. Budgetary authority was gradually transferred to the level of the European Economic Community and subsequently even extended during the life of the European Community. Its consequence was that the European Union was finally confronted with the overall issue of how to organize a European tax and no longer if or why such a tax would be inevitable.

The result of the “empty chair crisis” was astonishing, and in a way promising. The community method prevailed, no matter how much France insisted on the right to a national veto whenever vital national interests were at stake. More important for the long term deepening of the integration process was the recognition of a genuine community budget following the introduction of the next stage of the Common Agricultural Policy. While the Common Agricultural Policy was rightly criticized for encouraging overproduction and preventing agricultural commodities from other countries to freely enter the Community, it was incoherent and unfair that people criticized the European Commission. It was not the Commission but the will of the

32 See Strasser, Daniel, *Les Finances de l’Europe: Le Droit Budgétaire et Financier des Communautés Européennes*, Paris: Librairie Générale de Droit et de Jurisprudence, 1990.

member state governments to pursue this policy. The Commission was merely the executive body.

In light of the bitter quarrels of the past years, it was surprising enough that the member states granted budgetary rights over the duties levied for imports into the common market to the Commission. In light of growing tasks for the EEC it was only logical that the debate on an increase in the community budget would continue. By 1969 – with de Gaulle replaced by the more conciliatory President Georges Pompidou and the German Christian Democrats for the first time in opposition, being replaced by a majority of Social Democrats and Free Democrats under Chancellor Willy Brandt – the decision was confirmed to switch community funding from direct national contributions to a system of genuine own resources of the EC. A summit of the Heads of State and Government of the EC in The Hague in December 1969 also recognized the right of the European Parliament to control the spending of the Commission, thus beginning the process toward genuine parliamentary democracy on the European level. Simultaneously, the Hague summit also agreed on the establishment of an independent audit board of the community.[33]

When the merger of the three communities was completed in 1970, the number of EC commissioners increased from nine to fourteen. It would have been wrong to conclude from the "empty chair crisis" that the relevance of the European Commission had been completely undermined. For instance, the Commission was able to succeed in the community-wide harmonization of indirect taxes. The common market would continue to exist with different national tax systems. But the European Commission succeeded in convincing the member states to introduce a common value-added tax (VAT). The General Affairs Council of the EU decided in 1967 that all member states were required to introduce a system of value-added taxes, but left room for different rates. The 1969 summit of The Hague finally agreed that the future EC budgetary basis should consist not only of duties levied on agricultural and industrial imports into the EC. As of 1975, each member state was to pay one percent of its VAT income into the EC budget. Both decisions were confirmed by the Treaty of Luxembourg in April 1970, the first amendment to the Treaties of Rome. A cautious first step toward genuine taxation in the European Community had been taken. This was an important sign of the continuous path of political integration, using the realization of the common market as its vehicle but clearly reaching into particular sanctuary spheres of governance.

In 1989, the European Union extended the financial basis for EU operations by introducing a third dimension into the community budget: National contributions according to the proportional relationship of population and GDP in each member state were introduced, while at the same time the budgetary rights of the European Parliament

33 On implications of the Hague summit see Barre, Raymond, "Perspectives de la Communauté Économique Européenne après La Haye," *Bulletin de la Communauté Économique Européenne* 2 (1970): 9-14; Wilson, Jêrome, "Négocier de la Relance Européenne: Les Belges et le Sommet de La Haye," *Journal of European Integration History*, 9.2 (2003): 41-62.

were extended. Efforts to introduce a genuine EU tax in order to make the EU's source of income more transparent did not succeed at any later stage. With the European Constitution in 2004 and the Reform Treaty (Treaty of Lisbon) in 2007, the co-decision powers of the European Parliament were extended for non-obligatory expenses, including the Common Agricultural Policy and the structural funds. But both the European Constitution and the Reform Treaty fell short of introducing a genuine EU tax. Supporters of such a step had suggested that it would add transparency to the operations of the EU if the citizens of the Union were able to see which resources were allocated for which EU spending operation. The technically complicated combination of import duties, VAT rates and national contributions does not clarify the understanding of the broader public about the sources of the EU budget, which had grown to around 130 billion euros in 2008 (1.03 percent of the GDP of the European Union). The struggle for full parliamentary control over the EU's budget would continue. However, as the share of co-decision powers of the European Parliament had increased from four percent in 1970, 13 percent in 1975 and 47 percent in 1993, to 72 percent by 2009, the steady trend toward parliamentary democracy in the European Union was undeniable.[34] In 1957, this trend had been unimaginable even for the most optimistic Founding Fathers of the EEC.

5. The Cathartic Function of Crises

Crises in European integration have always fathered new initiatives of integration, be they repetitions of the original effort under new circumstances, detours and unintended consequences or simply changes of perspectives and priorities. Sometimes they went hand in hand with changes in national political leadership and thus changes in political priorities, new avenues or compromises among all EC actors involved. But the very history of crisis management in European integration matters reflects the highly political – and often politicized – character of the undertakings. This was evident after the failure of the European Security Community. It was again evident during the "empty chair crisis" and its aftermath. It was also visible during the late 1960's and early 1970's, when the European Community embarked on new and multiple impulses: "Completion," that is to say a resolution of the pending budgetary matters, "deepening," that is to say the advancement from a completed customs union to a European Monetary Union, and "enlargement," that is to say final acceptance of British membership after it had been rejected twice by French President Charles de Gaulle.

The initiation for this triple "relance européenne" took place with a visible sense of leadership during the EC summit in The Hague in December 1969. But its spirit was to

34 Maurer, Andreas, *Die Macht des Europäischen Parlaments: Eine prospektive Analyse im Hinblick auf die kommende Wahlperiode 2004-2009*, Berlin: Stiftung Wissenschaft und Politik, 2004: 34.

prevail into the early 1970's. Yet, one conclusion can be drawn from the study of the subsequent efforts of the EC to implement all good intentions of The Hague: Whenever the integration agenda was overloaded, it had to fail, at least in some of its dossiers. The factor of "time" became a dimension to reckon with in European integration matters – time as far as the available time for certain political constellations among like-minded politicians with a particular strong authority and good personal rapport is concerned, time as far as the overall political climate and the effect of contingent events on European integration matters is concerned, and time as far as the timing is concerned, which is required to gradually implement complex matters.

In 1968, a customs union had been achieved, but this was only the first formal step toward a comprehensive common market. The first ideas about a monetary union and in fact a common currency had already circulated during the proceedings of the Spaak Commission in 1955/1956. Since the first British application for EEC membership in 1962, the European Commission had argued that a European Monetary Union would deepen the integration process in an enlarging EEC. In February 1969, the European Commission submitted a memorandum on the prospects for European Monetary Union, named after its author, the French Vice President of the Commission, Raymond Barre. The Barre Memorandum, Desmond Dinan concludes, "was less a bold initiative for further integration than a cautious call for what the French government now wanted: monetary policy coordination and short-term support for balance-of-payments difficulties."[35]

In August 1969, the French franc was devaluated while in October, the German mark was revalued. Coordinating monetary policies – an essential first step toward a comprehensive European Monetary Union – would not be accepted in France if it would prohibit exchange rate fluctuations vital to maintain the effect of common agricultural prices and thus for the income of French farmers. The fundamental difference in the French and German action concerning the coordination of their currency policies left little room for optimism that the time was ready for further progress toward a European Monetary Union. Again it was the very experience of fundamental differences on a matter of relevance to the common interest in a stable and sustainable common market that opened the avenue for Franco-German reflections about a solution to the dilemma; finally, their consent had to be communicated to the other partners in the EC. This could not, however, deny fundamentally different interests as countries like Germany and the Netherlands with balance-of-payment surpluses did not want to constantly bail out France and Belgium, member states with chronic balance-of-payment deficits.

The Hague summit instructed the Council, in conjunction with the European Commission, to develop a plan during the year 1970 on how to establish a European Monetary Union in stages. Pierre Werner, Prime Minister and Finance Minister of Luxembourg, received the task of drawing the plan that was forever to become linked

35 Dinan, Desmond, *Europe Recast: A History of European Union*, op.cit.: 131.

with his name. The goal defined by the Werner Plan (worked out by a committee with representatives of all member state governments and Commission experts) seemed lucid and simple: Fixed exchange rates, a common monetary policy, and a single monetary authority had to be installed if a European Monetary Union was to be achieved.[36] Finance Ministers and experts among EC member states were deeply split between "economists," largely representing German and Dutch positions and insisting that convergence in economic policies had to precede monetary convergence, and "monetarists," largely representing French and Belgian positions according to which an early monetary union would in itself promote the convergence of the economies and hence of economic policies.

The Werner Plan of October 1970, described as the iron rule for achieving a European Monetary Union, stipulated that parallel progress had to be made on economic convergence and monetary policy coordination. In the final stage, the plan suggested the member states of the EC would revise the Treaties of Rome and establish new institutions on the European level, while transferring more rights to the European Parliament to counterbalance the national loss of sovereignty over monetary and economic matters. In reality, this would lead to further steps of constitutionalizing European integration. French President Pompidou – much in favor of a European Monetary Union that would help his country at the expense of partner countries to gain monetary stability without going through unpopular domestic macroeconomic policy reforms – fundamentally disagreed with the idea of stronger supranationalism as the ultimate outcome of the process toward monetary union. On substantial matters as well as on institutional aspects of a European Monetary Union the two leading member states of the EC were split. The idea seemed stillborn.

Amid domestic and European debates and escalating new tensions everybody had hoped would be overcome with the departure of President de Gaulle, the short-term meaning of the Werner Plan was lost. Not only with regard to the Werner Plan, the meaning of long-term planning in matters of European integration often remains undervalued. If political concepts are not immediately realized, both contemporary media and later historians tend to bury them in the archives. But in the process of European integration, the fermenting power of conceptual planning cannot be overrated as it always sets points of reference for later debates – until the moment and the constellation become ready to begin the implementation, if only gradually. The early call for a European constitution by the Parliamentary Assembly of the European Coal and Steel Community in 1953 can serve as such an example; the Tindemans Report of

36 Steinherr, Alfred, *30 Years of European Monetary Integration: From the Werner Plan to EMU*, London: Longman, 1994; Magnunssen, Lars, and Bo Strath, *From the Werner Plan to the EMU: In Search of a Political Economy of Europe*, Brussels: Peter Lang, 2001.

1975 on European Political Union was to become another example.[37] The most crucial and important issues of European integration were always the meeting point of different national interests and conflicting political majorities with substantial needs for Europe out of which, once they were resolved, grew a new, stronger and deeper integrated supranational reality.

In 1971, an international financial crisis broke out, and it seemed as if this would mean the final end to the dream of a European Monetary Union. Looking back on its ultimate effect on European integration, one must come to a different conclusion. The international financial crisis of the early 1970's, in conjunction with geopolitical conflicts, served as another grave challenge for the EC to which it ultimately had to respond with a new and success-oriented initiative toward deeper integration in matters of both monetary and economic policies. Political will prevailed over all sorts of doubts and skepticism. Europe time and again generated leaders and political constellations that rescued the overall dynamics of European integration, no matter whether or not the momentum was often lost on specific issues. As far as the most relevant turning points of European integration were concerned, at the end of each crisis, period of inertia, or external pressure stood a new, deeper and stronger stage in European integration.

6. The Function of Enlargement: The Need for Deepening

On January 1, 1973 the European Community was enlarged with the accession of Great Britain, Ireland and Denmark. This ended more than a decade of unhappy relations between the EEC and Great Britain, but also a twenty-year saga of unclear attitudes and actions, most notably in Great Britain as far as her position toward participation in European integration was concerned. With the accession of Great Britain, Ireland and Denmark, the alternative European path of a free trade zone through EFTA had practically lost its relevance.[38] While EFTA was factually dead, Britain would become and remain a difficult partner in the EC and so would Denmark. But neither of them was able or willing to alter the fundamental course of supranational integration and rip the supranational glue, the *acquis communautaire*, apart.

An exceptional precondition for British membership in the European Community was a referendum held on the matter in France. In fact, it was the first time that citizens in any EC member states were asked in a referendum by their government whether or not they were agreement with a fundamental decision of the EC. On September 21, 1972, with a weak participation of 52 percent, 68 percent of French voters said "yes" to

37 Named after Leo Tindemans, the outstanding Belgian Prime Minister from 1974 to 1979, this report is a historic document furthering the course of federal integration in Europe: Tindemans, Leo, "Report to the European Council," *Bulletin of the European Communities*, Supplement 1 (1976).

38 EFTA (ed.), *EFTA – Past and Future: A Discussion Paper on Achievements in Free Trade and Future Possibilities*, Geneva: EFTA Secretariat, 1980.

the accession of Great Britain. The question of Turkish membership more than four decades later activated the same mechanism of referendum-based membership in France and elsewhere. Should the result be favorable, it would enhance the popular legitimacy of a controversial decision. Should it be negative, it would not only impact the candidate country, but very likely also the credibility of those politicians who had advocated the enlargement. It was certainly a legitimate means to reassure public support inside the EU for a decision that was considered to be more complex and controversial than usual policy matters inside the Union. It was not astonishing that the same heated debates that erupted in some member states over internal policy decisions of magnitude, such as the introduction of the euro, broke out elsewhere over the question of EC membership of Great Britain and EU membership of Turkey. In all cases, the future cohesion and identity of the integration scheme was a legitimate concern.

Since the first round of accessions, it is one of the favorite topics of the academic and media discourse on European integration to speculate about the relationship between "deepening" and "widening."[39] A widely spread prejudice has it that each widening, that is to say the inclusion of new member states, would undermine the cohesion of the integration scheme and render "deepening," that is to say the pursuit and implementation of new common and supranational elements, almost impossible. In fact, the opposite is true. Since the beginning of serious negotiations about EC membership of Great Britain, the function of enlargements of the European Community – and later of the European Union – was the preparation, if not an anticipated preemption of the enlargement and its potential effects through new ways and means of "deepening." Instead of lamenting about a "crisis of deepening" that was intrinsically interrelated with EC or EU enlargements, it is more appropriate to understand the dynamics of the enlargement process. Practically all enlargements of both the EC and the EU have served as medium to either prepare for new initiatives geared to strengthen and substantiate the integration process or they were instrumental in order to undertake such measures in anticipation of an upcoming enlargement. This does not mean to say that enlargements occurred without difficulties and adaptational requirements. Yet on balance, enlargements have always strengthened and deepened the European community and broadened its horizon in a favorable way for each partner of the process as well as for the overall internal balance.

British membership – along with Denmark and Ireland, while the majority of Norwegians said "no" in a referendum following the successful conclusion of membership negotiations between the EC and the Norwegian government – broadened

39 For a solid and rational assessment of the matter see Wallace, Helen, *Widening and Deepening: The European Community and the New European Agenda*, London: Royal Institute of International Affairs, 1989; Nugent, Neill, *The Deepening and Widening of the European Community*, Manchester: Victoria University, 1991; Laurent, Pierre-Henri, and Marc Maresceau, *Deepening and Widening*, Boulder: Rienner Publishers, 1998.

the horizon of the European Community. Since 1957, the EEC's relations with former French and Belgian colonies had dominated the evolving development policy of the EEC, mainly manifested in the Yaoundé Convention of 1963 and extended in 1969. British membership broadened the perspective toward the members of the British Commonwealth. It did not take too long for the EC to draft one of its most innovative policies, the 1975 Lomé Convention, an arrangement with most former French, Belgian, Dutch and British colonies in Africa, the Caribbean and the Pacific.[40] It could also be argued that the embryonic evolution of a Common European Foreign and Security Policy – beginning with the installation of European Political Cooperation in 1970 – took place in anticipation of a stronger international role the EC would surely want to play once it included another of the leading world powers.

The timing of enlargement encouraged the gradual yet cautious evolution of a common foreign policy. In July 1970, the European Community had received another report, written by a committee under the chairmanship of Belgian diplomat Étienne Davignon, which the summit in The Hague had commissioned in December 1969. The Davignon Report had outlined the need for a common foreign policy beyond a common foreign trade policy. Also in the sphere of politics, the European Community should speak with one voice. It should participate in a more visible way in the management of world affairs. The Davignon Report did not suggest a treaty change, but increased cooperation among the member state governments. Regular consultation and coordination would be an important step toward a cohesive common foreign policy. Unlike in 1954 with the failure of implementing a European Defense Community and unlike in 1962 with the Fouchet Plans on political union, this time the project of a common foreign policy did indeed start. Only few months after Great Britain, Ireland and Denmark had joined the European Community on January 1, 1973, the members of the Council received a second Davignon Report on July 23, 1973, indicating that all member states should firmly commit themselves to avoid finalizing their own position unless the other partners were consulted through the mechanism of political cooperation.

From 1970, the Foreign Ministers of the European Community held two annual meetings; beginning in 1973 the meetings increased to four per year. When the European Council was established in 1974, further opportunities for regular meetings on the highest level of government representatives evolved.[41] The meetings of the Foreign Ministers were prepared by a Political Committee, which since 1973 had brought the

40 Frey-Wouters, Ellen, *The European Community and the Third World: The Lomé Convention and its Impact*, New York,: Praeger, 1980; Lister, Majorie, *The European Union and the Developing World: The Role of the Lomé Convention*, Avebury: Aldershot, 1988; Davenport, Michael, *Europe's Preferred Partners?: The Lomé Countries in World Trade*, London: Overseas Development Institute, 1995.

41 For the early years of the European Council see Hoscheit, Marc, and Wolfgang Wessels, *The European Council 1974-1986: Evaluations and Prospects*, Maastricht: European Institute of Public Administration, 1988.

Political Directors of the Foreign Ministries of the EC together four times a year and additionally whenever need for consultation and coordination arose. Within the Foreign Ministries of the EC, European Correspondents, that is to say representatives of the respective European Departments, were installed to constitute the operational framework of European Political Cooperation. The French proposal to establish a permanent secretariat for foreign policy was not supported by her partners in the 1970's as they had not forgotten the French efforts during the debate on the Fouchet Plans to eventually dominate European foreign policy.[42]

In spite of the fact that the common market grew on January 1, 1973, in spite of the creeping trend toward a more coordinated foreign policy and in spite of the beginning of a new global round on free trade negotiations in September 1973 (Tokyo Round), 1973 was not a good year for European integration. The Werner Plan had not been accepted by the Council during two meetings on November 24 and December 14, 1970, respectively. On March 25, 1971, a lowest common denominator-compromise between German "monetarists" and French "economists" had brought about a vague program of intergovernmental coordination of budgetary, tax, macro economic and monetary policies for the first stage of the possible implementation of the Werner Plan. This was already a strong reduction of the original ambition of the Werner Plan. The dollar crisis that broke out in the spring of 1971 destroyed all hope for an early realization of a European Monetary Union. International capital rushed into the Deutschmark as a consequence of a chronic overvaluation of the Dollar, based on the permanent increase in American payment deficits. When US-President Richard Nixon decreed the end of dollar-gold convertibility and a 10 percent surcharge for imports into the US, it factually meant the end of the Bretton Woods System. The Bretton Woods System had been established in 1944 as the new international monetary system based on fixed exchange rates and dollar-gold convertibility. Instead of agreeing to a joint reaction, the European partners split on how to react to the end of Bretton Woods.[43] For the time being, this was the burial of the ambitious and far-sighted Werner Plan. But Europe was to demonstrate again that like Phoenix rising out of the ashes, crisis could generate the revival of important projects once their time had come.

The 1970's did not end in distress, however. 1979 was a year of revival for the original idea of deepened integration. In March 1979, the European Currency System began to operate, the critical revitalization of the idea of European Economic and Monetary Union. In June 1979, for the first time ever, the direct election to the European Parliament took place. It marked a consolidation of institution-building and a new beginning of deepening European integration by connecting institutions and people in Europe. In 1979, the central institutions of European integration were consolidated.

42 See Knipping, Franz, *Rom, 25.März 1957: Die Einigung Europas*, op.cit.:196.

43 See Krause, Lawrence B., *Sequel to Bretton Woods: A Proposal to Reform the World Monetary System*, Washington: Brookings Institution, 1971; Cavanagh, John, et al. (eds.), *Beyond Bretton Woods: Alternatives to the Global Economic Order*, London/Boulder: Pluto Press, 1994.

They were not perfect and they did not exist unchallenged. But they were in place, the stabilized framework that helped to consolidate and sustain the fascinating idea of an integrated Europe through the means of gradual institution-building and policy formation.

The first period of European integration between 1957 and 1979 has to be assessed objectively and in context. No matter how much criticism arose over the very principle of a Common Agricultural Policy and its effects, no matter how slow many decisions seemed to be, moreover not even really transparent, without parliamentary control and often perceived as poor and shabby bickering among egotistic partners, no matter how many good ideas failed and plans were put to the backburner: European integration had for once begun and, in fact, was consolidated around the organizing idea of a supranational community. This in itself was the most impressive, convincing and fundamental response to the challenge, which two World Wars had posed for Europe.

Between 1850 and 1900, Europe had experienced eighteen inter-state conflicts; between 1900 and 1945 it had experienced nine, and since 1945 not one – before the outbreak of the Wars of Yugoslavian Succession in the 1990's.[44] On the territory of the European Community, peace had never had the opportunity for so long in the entire history of the region as is the case since 1945 and 1957 respectively. During World War II, that is to say during the short period from 1939 to 1945, 40 million people were killed in Europe, on average 18,500 per day. In light of these catastrophes, the European Community was more than an ordinary diplomatic or political success. It had become a cultural success story, an anthropological and morale response to the human-made disaster that Europe had suffered and imposed upon the rest of the world. With the end of two World Wars, the European nation state and its underlying principle of nationalism had lost much of its legitimacy. Yet the modern democratic nation state remained linked to the three modern expressions of state-sovereignty: domestic security, monetary control and foreign security. In all three spheres, the existence and evolution of the European Community had made inroads. No matter the critics and the skeptics, between 1957 and 1979 supranationality had been installed in Europe for the first time ever. It did not begin on March 25, 1957, and end on December 31, 1979. There has never been an autonomous date, a single day to understand the dynamics of integration processes. But all in all, 1957 and 1979 marked the first period of European integration. In the late 1970's, it had become common to understand European integration as more than a visionary idea. It had become an institutionalized political process, based on democratic decisions, rooted in the rule of law and about to generate the evolution of what later would be labeled a "multilevel system of governance."

44 Halpern, Joel M., and David A. Kideckel (eds.), *Neighbors at War: Anthropological Perspectives on Yugoslav Ethnicity, Culture, and History*, University Park, Pa.: Pennsylvania State University Press, 2000.

1. Monetary Union at Last

1989 was the year of peaceful revolutions across communist Europe. The symbolic breakdown of the Berlin Wall on November 9, 1989, will forever be remembered as a day of history, comparable to the storm of the Bastille during the French Revolution exactly two centuries earlier.[1] 1989 was a turning point for European integration in yet another sense. Less spectacular, often overlooked, belittled at the time it happened and amid many doubts about its final outcome, 1989 was also a turning point in the evolution of a common European currency. As early as 1955, after Jean Monnet had stepped down as President of the High Authority of the European Coal and Steel Community to become head of a private Action Committee for the United States of Europe, he had already pointed to the usefulness of a common monetary policy. In 1959, and again in July 1961, his committee proposed the introduction of a European Reserve Fund as first step toward a common European currency. Future currency crises should better be dealt with by the EEC. Neither European governments, the European Commission, nor parliamentarians felt a sense of urgency at that time to take the issue further. The world financial system established 1944 in Bretton Woods worked well and as the overall economic recovery of Western Europe seemed without limits, the creation of a common financial market, let alone a common currency, was not an urgent priority.

With the end of the long post-war boom, the mood had begun to change by 1973. But unfortunately European interests and actions in dealing with the global financial crisis were as diverse and contradictory as possible. The break down of the Bretton Woods system between 1971 and 1973, coupled with the consequences of the oil crisis, demonstrated how different economic structures, financial interests, and policy conclusions among EC member states still were. It was only under the pressure of global events beyond their own control that EC leaders developed a sense of urgency to coordinate and if possible to harmonize fiscal, monetary and economic policies. A long journey began when, on March 21, 1972, the EC member states invented the "Monetary Snake" as a first element of joint crisis management. In reaction to the lost certainty about the external value of the dollar, the German government had suggested to its partners that the currencies of the six EC member states should give up their linkage to the dollar. Instead they should float together in order to prevent inflation and to maintain parities among them. The French government, encouraged by the European

1 Kühnhardt, Ludger, *Revolutionszeiten: Das Umbruchjahr 1989 im geschichtlichen Zusammenhang*, Munich: Olzog 1994; Antohi, Sorin, and Vladimir Tismaneanu (eds.), *Between Past and Future: The Revolutions of 1989 and their Aftermath*, Budapest: Central European University Press, 2000; Kumar, Krishan, *1989: Revolutionary Ideas and Ideals*, Minneapolis: University of Minneapolis Press, 2001.