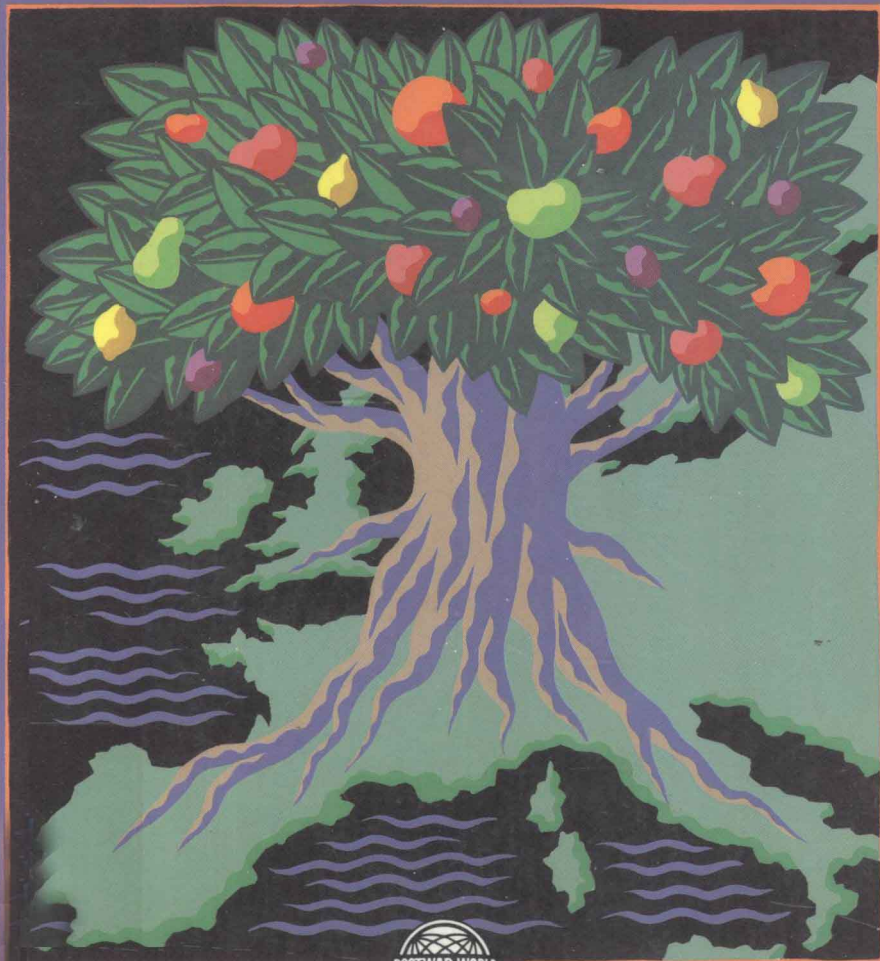


THE COMMUNITY OF **EUROPE**

A HISTORY OF EUROPEAN
INTEGRATION SINCE 1945

DEREK W URWIN



*The Community of Europe:
A History of European Integration
since 1945*

Derek W. Urwin



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THE COMMUNITY OF EUROPE

The Postwar World

General Editors: A.J. Nicholls and Martin S. Alexander

As distance puts events into perspective, and as evidence accumulates, it begins to be possible to form an objective historical views of our recent past. *The Postwar World* is an ambitious new series providing a scholarly but readable account of the way our world has been shaped in the crowded years since the Second World War. Some volumes will deal with regions, or even single nations, others with important themes; all will be written by expert historians drawing on the latest scholarship as well as their own research and judgements. The series should be particularly welcome to students, but it is designed also for the general reader with an interest in contemporary history.

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Abbreviations and Acronyms

ACP	African, Caribbean and Pacific States
ASEAN	Association of South–East Asian Nations
CAP	Common Agricultural Policy
CFP	Common Fisheries Policy
COMECON	Council for Mutual Economic Assistance
COREPER	Council's Committee of Permanent Representatives
CSCE	Conference on Security & Cooperation in Europe
EAGGF	European Agricultural Guidance and Guarantee Fund
EC	European Communities
ECE	Economic Commission for Europe
ECSC	European Coal & Steel Community
ECU	European Currency Unit
EDC	European Defence Community
EEC	European Economic Community
EFTA	European Free Trade Association
EMCF	European Monetary Cooperation Fund
EMS	European Monetary System
EMU	Economic & Monetary Union
EP	European Parliament
EPC	European Political Cooperation
EPU	European Payments Union
ERM	Exchange Rate Mechanism
Euratom	European Atomic Energy Community
EUROFER	European Confederation of Iron & Steel Industries
GATT	General Agreement on Trade & Tariffs
IEA	International Energy Authority
MCA	Monetary Compensation Amount
MEP	Member of the European Parliament

Abbreviations and Acronyms

MFA	Multifibre Agreement
MLF	Multilateral Force
NATO	North Atlantic Treaty Organisation
NORDEK	Nordic Economic Union
OCT	Overseas Countries & Territories
OECD	Organisation for Economic Cooperation and Development
OEEC	Organisation for European Economic Cooperation
OPEC	Organisation of Petroleum Exporting Countries
PASOK	Panhellenic Socialist Movement (Greece)
SAS	Scandinavian Air Lines
SEA	Single European Act
UN	United Nations
UNCTAD	United Nations Conference on Trade & Development
Unesco	United Nations Educational, Scientific & Cultural Organisation
VAT	Value-Added Tax
WEU	Western European Union

Editorial Foreword

The aim of this series is to describe and analyse the history of the world since 1945. History, like time, does not stand still. What seemed to many of us only recently to be 'current affairs' or the stuff of political speculation, has now become material for historians. The editors feel that it is time for a series of books which will offer the public judicious and scholarly, but at the same time readable, accounts of the way in which our present-day world was shaped by the years after the end of the Second World War. The period since 1945 has seen political events and socio-economic developments of enormous significance for the human race, as important as anything which happened before Hitler's death or the bombing of Hiroshima. Ideologies have waxed and waned, the industrialised economies have boomed and bust, empires have collapsed, new nations have emerged and sometimes themselves fallen into decline. Whilst we can be thankful that no major armed conflict has occurred between the so-called superpowers, there have been many other wars, and terrorism has become an international plague. Although the position of ethnic minorities has dramatically improved in some countries, it has worsened in others. Nearly everywhere the status of women has become an issue which politicians have been unable to avoid. These are only some of the developments we hope will be illuminated by this series as it unfolds.

The books in the series will not follow any set pattern; they will vary in length according to the needs of the subject. Some will deal with regions, or even single nations, and others with themes. Not all of them will begin in 1945, and the terminal date may similarly vary; once again, the time-span chosen will be appropriate to the question under discussion. All the books, however, will be written

by expert historians drawing on the latest fruits of scholarship, as well as their own expertise and judgements. The series should be particularly welcome to students, but it is designed also for the general reader with an interest in contemporary history. We hope that the books will stimulate scholarly discussion and encourage specialists to look beyond their own particular interests to engage in wider controversies. History, and particularly the history of the recent past, is neither 'bunk' nor an intellectual form of stamp-collecting, but an indispensable part of an educated person's approach to life. If it is not written by historians it will be written by others of a less discriminating and more polemical disposition. The editors are confident that this series will help to ensure the victory of the historical approach, with consequential benefits for its readers.

A.J. Nicholls
Martin S. Alexander

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The Community of Europe

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CHAPTER ONE

The Persisting Idea of Europe

The story of European integration, as it is understood today, essentially begins and is conventionally dated as beginning in 1945. The titanic struggle of World War II was over, and amidst the widespread feelings of relief and exhaustion there was also the sense that a significant watershed in the history of the continent had been reached, that the ending of the war heralded the beginning of a new reality. Central to this changed atmosphere was the belief that the war had been a cleansing agent. The European economies were in ruins or at the least had been severely disrupted, and the old political systems had either been discredited for their inadequacies in coping with the economic conditions of the 1920s and 1930s, or destroyed by Hitler and his allies. Many people therefore thought and argued that Europe could start afresh, with a different political and economic order that rejected the tired doctrines of nationalism, political sovereignty and economic autarky upon which the old state system of the continent had been built. In its place they wanted some kind of political union or federation that would effectively put into practice the old symbolic concept of the harmony of European nations.

Yet while this ferment of the months surrounding the final cessation of hostilities may have provided the seed bed for the developments in European integration in the years since 1945, the idea of and the desire for unity had had a much more prolonged prologue. Across the centuries intellectuals and political leaders alike had dreamed of overcoming the unique historical characteristic of Europe: its extreme political fragmentation. Most obviously, the historical record is replete with attempts at conquest: political leaders from Charlemagne through the Habsburgs to Napoleon, and even perhaps Hitler, had sought to realise the dream through imperial domination of the continent.

Yet in the end all aspirations came to nought, defeated in part by the complex fragmented mosaic of the continent as well as by the inadequate technical resources of the would-be conquerors to establish and maintain effective control by force over large areas of territory against the wishes of the local populations.

But the dream of unity was not confined to would-be military conquest. Intellectuals and thinkers had also persistently returned to the theme; some of their ideas and views on the necessity of union proved to have some lasting effect on the history of European integration. The role model adopted by many writers was perhaps the old Roman Empire, which was perceived as having integrated the whole of civilised Europe. It was this civilising aspect which appealed to many, a united Christian Europe at peace with itself and better able to defend itself against depredations and invasions from outside. The greatest value of unity, in other words, was the maintenance of peace and the avoidance of war. This was the theme of early devotees of Europe such as Pierre Dubois, a jurist and diplomat for the courts of both France and England, and his proposal of 1306 for a permanent assembly of princes working to secure peace through the application of Christian principles, or Maximilien de Béthune, the Duc de Sully, who suggested a federation of states that would better be able to defend Europe against Turkish threats. Such early schemes and ideas were all universalist, as well as being directed towards achieving a greater political influence for some specific state or dynasty: they embraced all Christian Europe, accepted the rights of princes, and often saw ultimate authority, if any, residing with an emperor or pope.

As the Enlightenment and ideas on liberalism and democracy began to take firmer root, the focus of integrative schemes shifted away from the religious unity of Europe towards its intellectual unity, and away from the rights of princes and kings towards a broader institutional framework that explicitly or implicitly meant the end of independent territorial units. The prominent English Quaker, William Penn, was one of the first to argue, in 1693, for a European parliament and the end of the state mosaic in Europe. The theme was sustained by eighteenth century writers: Jeremy Bentham, for instance, reiterated the argument for a European assembly as well as urging the creation of a common army, while Jean-Jacques Rousseau was also in favour of a European federation.

All of these ideas and views fed into the even greater intellectual agitation of the nineteenth century, much of which acknowledged in particular its debt to the work of Henri Saint-Simon. In 1814 Saint-Simon advanced a stronger and more detailed scheme for

institutional unity, embracing a European monarch, government and parliament. The links with thinkers of the past were preserved through what was the dominant motif for Saint-Simon and his followers: peace through a United States of Europe. The latter was a phrase well understood by nineteenth century intellectuals. It was the theme or catchphrase of the several peace movements that in the event were to be principal torch bearers of integration throughout the century. The French novelist and publicist, Victor Hugo, used it, for example, at the Paris Peace Congress of 1849, while eighteen years later a similar congress established a journal with that very title.

Yet these were but schemes advanced by people who were, at the most, only at the fringes of politics. They held little appeal or relevance for political leaders. The same, however, was not so true of the parallel development of ideas on some form of economic integration. Many political leaders could see potential political advantages in either a customs union or some form of free trade area. The distinction between these two forms of economic structure is important for it proved to be the fundamental dividing line in all debates on European integration and organisation through to the present. For that reason it may be useful to spell out the basic distinction at this point. Briefly, in a customs union the member states would belong to a single tariff area where, ideally, there would be no customs duties on goods circulating within the union, though the members would construct a common external boundary where a common tariff would be levied on all imports entering the union from outside. By contrast, a free trade area is a looser concept, with much more limited political implications. There would be no common external tariff, with each member state free to impose its own tariff levels on goods coming from non-members: the goal was merely to eliminate or reduce internal tariffs, but usually without any compulsion to do so.

Attempts to launch such economic schemes on a continental basis were not successful. Essays into free trade arrangements proved to be short-lived, while customs unions like the prototypic Zollverein of 1843 were region-specific, not European: as such they were protectionist and disliked by other states. In a sense, economic ideas on unity suffered the same fate as political ideas on the same theme. The nineteenth century witnessed an ever-increasing imperialist competition among states, an assertion of the supremacy of national autarky and intensification of competition that eventually culminated in World War I.

The war and its aftermath, in radically redrawing the political map of Europe and launching several new states on to the scene,

should ideally have made political and economic cooperation, if not integration, even more pressing. On the other hand, the war that was supposed to impose a durable peace upon Europe, the 'war to end war', had, in accepting the idea of national self-determination as the basic building block of the new Europe, actually increased the obstacles to cooperation and integration. With the disintegration of the old empires of Central and Eastern Europe, the continent had become even more fragmented, with an almost inevitable reinforcement of nationalism. In addition, the defeat of Germany imposed a further instability over and above fragmentation. The hope that in 1918 had been placed in the newly-established League of Nations also quickly evaporated. New states, jealous of their independence and giving governmental expression to historic national and ethnic rivalries, were not in a mood to accept any diminution of their political and economic freedom. Moreover, the economic problem had been made worse by a reduction of Europe's economic role in the world: the continent's foreign trade, as a share of the gross national product of the industrialised states of the world, had slumped dramatically.

THE INTER-WAR YEARS

In the highly charged postwar atmosphere it was almost inevitable that in the 1920s Europe would move towards more and higher tariff barriers. By the end of the decade the notion of countries imposing quota restrictions upon imports into their territory had become a popular theme. Insofar as support was given to a belief in economic cooperation, it was towards more limited structures, such as regional agreements or those like the International Steel Cartel of 1926 established by a number of independent steel companies and meant to control Europe's export market, in part through restrictions on trade.

Generally speaking, it was only the smaller states of Western Europe that expressed an interest in exploring new customs arrangements. Belgium and Luxembourg, for example, established a Belux economic union in 1922, though its practical effects were very limited. Perhaps the most important attempt was made through the Oslo Convention of 1930, in which the Low Countries and the Scandinavian states agreed to some limited measures to peg tariffs. While the Convention survived the decade, it was not particularly successful. Indeed, the attempt by the Low Countries in the Ouchy Convention of 1932, a

follow-up to Oslo, to move further towards a cooperative lowering of tariffs proved too radical for the Scandinavian states to stomach. The larger states remained totally uninterested in such ventures, if not – like Britain – actively hostile to them. While Oslo and Ouchy, abortive though they were, perhaps offered a pointer to the future, of far more immediacy for the present, and symbolic of Europe's drift away from free trade, was Britain's decision in 1931 to abandon multilateral free trade, of which historically it had been the arch-proponent, and to establish under the Ottawa Agreement a system of imperial preference within its empire.

Despite, or perhaps because of, the seemingly parlous political and economic state of post-1918 Europe, the idea of integration and cooperation as the way forward to a better future continued to be expounded. Even in the early 1920s, the number of groups advocating this route were legion: however, the only one which has achieved any kind of lasting memory was the Pan-European Union, founded by the Austrian aristocrat, Count Richard Coudenhove-Kalergi, in 1923. Coudenhove-Kalergi was a tireless publicist, and through the Union and publications such as his *Panuropa* of 1923 he argued forcefully for a European federation. His ideas were not new, but he did succeed in attracting to the Union several prominent politicians such as Eduard Benes, the foreign minister of Czechoslovakia, and Aristide Briand and Edouard Herriot, future premiers of France. Among the membership of the Pan-European Union could be found the names of people like Konrad Adenauer, Georges Pompidou and Carlos Sforza, men who were to figure strongly in the story of European integration after 1945.

The major aim of the Union followed in the footsteps of its nineteenth century predecessors: to prevent war and maintain the peace, but now not to guard Europe against alien hordes but to allow it to compete more effectively in the world's economic markets. But in setting out its objectives, the Union still detected an external enemy, and in so doing it marked the first contraction in the territorial definition of European unity. As a result of the Russian Revolution of 1917, Bolshevism was accused of being an enemy of peace, and hence the Soviet Union was not to be part of the proposed structure; nor incidentally, did Coudenhove-Kalergi seem to regard Britain as a potential participant.

The impressive list of politicians that stood in the ranks of the Union could not disguise the fact that, like its contemporaries and predecessors, it was unable to achieve any practical results. No government responded to its clarion call, though some government