POST-WAR EUROPE

After two world wars, both of which devastated European industry and threatened permanently to sour relations between its states, Europe woke up to the belief that a lasting solution to continental conflict had to be found. The inter-war League of Nations had failed and the United Nations was to be a world-wide organisation which would not solve Europe’s problems. Therefore an entirely new kind of arrangement had to be found.

It soon became apparent that there were two rival plans for European integration. One was essentially a cultural, legal and political union. This was promoted by Britain, in particular by Winston Churchill, who had been prime minister from 1940 to 1945. The other was based on the concept of an economic union which would serve a dual purpose in making the states of Europe more interdependent, while at the same time speeding the economic recovery of the continent. This was essentially a French plan, led by one of its most prominent civil servants, Jean Monnet.

These two proposals had the same objective – to remove the fundamental conditions for conflict – but suggested completely different ways of achieving them. Political integration, underpinned by cultural convergence and a unified legal system, would provide institutions within which future disputes could be settled. The cultural dimension would also go some way to preventing extremist movements, notably fascism and communism, from emerging again.
in western Europe. The economic plan, on the other hand, would result in the great European powers having such a strong vested interest in peace, that war would become unthinkable. Put another way, once there was economic interdependence, the benefits of peace would always outweigh gains to be made through war.

The debates over Europe’s future have to be seen in the light also of the geopolitics of the time. Firstly, there was an overwhelming desire to prevent a resurgence of German power. Furthermore, any future arrangements would need to ensure that Germany, which was likely to become the strongest economic power after it had recovered from the immediate devastation of war, should not be able to dominate the new Europe. Secondly, the important continental European states – notably France, Germany and Italy – were extremely wary of any British attempt to dominate a future settlement. Thirdly, it was clear that Europe would have to rely on American aid for many years to come. A new European community could not be allowed to threaten United States’ interests in the region. Therefore, the idea of a military alliance in Europe which did not include the United States was unthinkable.

It is also worth considering at this stage some of the reasons why Britain became detached from the European ‘project’ even at its early stages. The distancing of Britain from Europe was to affect continental relations to the end of the twentieth century.

One issue was undoubtedly Britain’s ‘special relationship’ with the United States. Certainly, Winston Churchill saw this as an opportunity for Britain to play a pivotal role in the post-war world. If she was able to position herself as a bridgehead between America and Europe, with close institutional links with both, she would be able to dominate the future of Europe. Interestingly, this same idea seems to have occurred to Tony Blair after 1997. However, the large European states were suspicious of British motives and were not prepared to consider any plans which would result in excessive American influence.

A second important factor in the estrangement of Britain and Europe was the strong influence of socialism on the early project. Many of the ‘pioneers’ of a European community were socialists or social democrats. They saw integration as a means to introduce greater equality and social justice throughout the continent. Although Britain had a quasi-socialist Labour government from 1945 to 1951, it was Conservative led by the time a more integrated Europe began to emerge in the 1950s. Naturally enough, the Conservative party was less than enthusiastic in supporting what they saw as a socialist enterprise.

Finally, we should remind ourselves that Britain was still an imperial power. Apart from the difficulties of reconciling Britain’s special relationship with her colonies with membership of a European economic union, this led the other
Europeans to be suspicious of her motives. Could Britain be a truly European partner while its attention lay firmly in the wider world outside Europe? As we have seen above, this feeling also applied to the UK–United States axis.

For these reasons western Europe in the period after World War II was very much prepared to ‘go it alone’ at least in the economic sense. They were ready to accept American aid for reconstruction (the ‘Marshall Plan’) and to join NATO for collective security after the onset of the Cold War, but the economic situation was different. There was to be no permanent economic union with the United States as the latter would be too dominant. If an integrated political union was proposed they feared it would be British dominated.

So the development of a European Community was, therefore, very much a west European affair, with Britain and the United States kept at arm’s length. Nevertheless, it is useful to consider the less successful of the two plans – the Council of Europe.

THE COUNCIL OF EUROPE

In 1948 Winston Churchill, then leader of the Opposition in Britain, delivered a speech to European leaders at the Hague in the Netherlands. When one considers how Euro-sceptic the bulk of the Conservative party had become by the end of the 1990s, this speech was breathtaking in its radical tone. Churchill not only proposed a new pan-European organisation, but also suggested that each state should be prepared to give up some of its national sovereignty.

Most of the states of Europe has recently fought two wars in order to preserve or regain their status as independent nation states. The concept, therefore, that they should be prepared to surrender some of that independence was optimistic to say the least. In the event, it was indeed unrealistic. Inevitably, the full plan was rejected. In its place, a watered-down version of the Churchill plan was adopted. The Council of Europe came formally into existence in 1949 with an initial sixteen member states.

The general idea of the Council was to create a new ‘European culture’. It was to emphasise what Europeans have in common and so eliminate its differences. This common culture included such features as:

- emphasis on the importance of the arts and ‘high culture’;
- a respect for fundamental human rights;
- an attachment to democracy and the rule of law;
- stress on the importance of education.

In the event, the Council has proved to be a great disappointment to those who have hoped for cultural integration. The Assembly of the Council, which
contains delegates nominated from member states, does little more than discuss matters of mutual interest. No decisions are binding and no controversial issues are ever adopted by members.

That said, the Council did enjoy one major success. This was the development of the European Convention on Human Rights and the Court which adjudicates on disputes under the Convention. The Convention, which was signed in 1950, has had a profound impact on the status of rights in Europe. Virtually all the members have adopted the Convention, either in its entirety, or as part of their own rights legislation. The last significant member to resist adopting the Convention was Britain. It was not until 1999 that the terms of the Convention were included in the Human Rights Act.

The European Court of Human Rights (which is not an institution of the European Union) hears appeals from European citizens who believe their rights have been abused. Britain has been especially affected by the powers of the court, having lost over fifty cases since the 1960s. These have included issues such as the treatment of prisoners in Northern Ireland, press censorship, the method of trial for juveniles and night flights over Heathrow which deprive residents of sleep.

Apart from the important activities of the Convention and the Court, the council has had a limited role. It does arrange cultural exchanges, organises educational programmes to improve European understanding and discusses such concerns as crime, drugs, terrorism and the media, but these are of little political significance. The narrowness of the Council’s role demonstrates that, as an experiment in political integration, it is a failure.

THE DEVELOPMENT OF THE EUROPEAN UNION

While the Council of Europe was proving a disappointment to its supporters, the alternative institution – an essentially economic union – moved from one level of integration to the next with relative ease. Most of its members shared a common goal and enjoyed a great degree of unity in achieving it.

Two Frenchmen – Jean Monnet and Robert Schuman – believed that the most effective way of creating an integrated Europe was to pursue an economic union. There is no doubt that they both foresaw a wider political union in the future, but understood that a single economic market would be the first step towards such an objective. The first stage was a relatively modest arrangement and can be seen as something of a prototype for the European Community which was to follow.
The European Coal and Steel Community (ECSC)

In 1951 the Treaty of Paris brought together six countries – France, West Germany, Italy, Belgium, the Netherlands and Luxembourg (the last three named known collectively as Benelux) in a single industrial enterprise.

In itself the ECSC was a limited system. It provided for a single market in coal and steel among the member countries. Fair trade was established between them and a common external tariff established against these goods coming in from abroad. In this way it was hoped that the industries would flourish, encouraged by free competition within the community and some protection from the outside. The Paris Treaty also provided for a central body to regulate production among the member states.

At first sight this innovation – known as the Schuman Plan – seemed to be a modest one. With the benefit of hindsight, however, we can see how revolutionary it was. The radical measures which brought about the ECSC included the following vital principles.

Each member state was prepared to give up some of its national sovereignty to the Community. This idea, of ‘pooled’ or ‘shared’ sovereignty in specific functional areas was the first of its kind in the world. It set the tone for all future developments towards the creation of the European Union. All previous supranational bodies (such as the Council of Europe or the League of Nations) had allowed member states to retain their national sovereignty. This meant that they could choose whether to adopt any agreed measures or to ignore them. The ECSC, on the other hand, insisted that, to be a member, all states had to agree to conform to all decisions. It was this insistence on shared functional sovereignty that kept Britain out of the community. The Labour government of the day, which had recently nationalised both industries (coal and steel), was not willing to give up one ounce of British independence. This was to set a pattern for the British attitude to Europe for nearly two decades to come.

The three branches of national governments – the legislature, the executive and the judiciary – were to be replicated, in an amended form, within the new set-up. Thus there was created the following bodies:

- **The High Authority**: a kind of senior Civil Service which was to develop policy and organise the implementation of decisions.
- **The Council of Ministers**: ministerial representatives from the member countries which would make all important decisions.
- **The Assembly**: nominated members from the six states which were to give general advice to the High Authority and the Council of Ministers.
The Court of Justice: to deal with disputes between member states. The judges were nominated from the different states and were to be independent.

The economic integration which was established in the ECSC was, it was clearly stated, to be the prelude to an even closer political union in the future.

Although the structure of the ECSC was essentially experimental – nothing like this had been attempted before – it proved to be so acceptable that, when the more ambitious successors of the ECSC, leading to the European Union itself, were formed, they followed much the same blueprint.

The ‘Common Market’ (EEC)

Encouraged by the success of the ECSC, and determined to take integration further, negotiations began among the six members to extend the scope of the market. During 1956 the creation of the ‘Common Market’ (European Economic Community: EEC) was discussed and the following year, 1957, the Treaty of Rome was signed. This was effectively the founding document of European integration. An additional treaty, for the pooling of nuclear energy resources was also signed. This was known as Euratom.

Britain did not take part in these early discussions. Both prime ministers of the period – Anthony Eden (who resigned in 1957) and Harold Macmillan (who took over from Eden) – made it clear that political and trade links with the Empire and Commonwealth were more important to Britain than a European system. It was also true that, following the humiliation of the failed Suez episode in 1956, Britain was licking her wounds and certainly not in a position to take part in the great experiment. The other potential members around the fringes of the central six were also less than enthusiastic. Spain and Portugal were still ruled by fascist dictators (Franco and Salazar respectively) and their intense nationalism did not allow them to consider integration. The Scandinavian countries, with their tradition of neutrality were also far from interested. So it was to be a small exclusive club. The Treaty of Rome contained five main agreements.

**Treaty of Rome: main agreements**

- to abolish tariffs among member countries;
- to establish a common external tariff – i.e. all members would charge the same tariffs on goods and services imported from outside the Common Market;
- the removal of all barriers to free competition among all member states;
- the intention to create the free movement of all goods, services, capital (i.e. finance) and labour between member states by 1970;
- a more general intention to establish a Common Agricultural Policy. This was part of France’s price for joining.
The Treaty of Rome also established the institutions of the Common Market, very much along the lines of what we see today and modelled on the set-up of the ECSC. The functions of these bodies is described and discussed below. Put simply at this stage, however, they were:

**Institutions of the Common Market**

- **The Commission**: an unelected bureaucracy to develop policies designed to implement the Treaty of Rome.
- **The Council of Minister**: elected ministers from the member states who would effectively ratify the laws and regulations of the Common Market and discuss future policy.
- **The Assembly or Parliament**: to advise the Commission and council on policy, but unable to make or amend European law.
- **The Court of Justice**: to handle disputes between members and to deliver interpretations of European law.

We can see how similar this arrangement was to that of the ECSC.

So, in 1957 the great European project was under way. Only six original members had signed up and success was far from assured. By 2002 it had grown to fifteen members with several others queuing up to join. A single market had been established and twelve of the members were using a single currency. At first sight this seems an impressive achievement in a relatively short time, and so it was in many ways. However, a glimpse at the institutions which were established in Rome tells us that the economic development of Europe has not been matched by political progress.

**Towards the European Community (EC)**

By 1962 plans for the Common Agricultural Policy (CAP) were complete. The CAP is a complex system described more fully later in this book.

**CAP: basic principles**

- All agricultural products were to be traded freely within the community. There were to be no tariffs and any regulations, such as health or content standards, would be common to all members.
- There would be protection from outside competition in the form of tariffs and subsidies for producers within the community who found it difficult to compete with the outside world.
- Producers of a wide range of goods would receive guaranteed minimum prices.
- A system was established whereby the Community would buy up surpluses of goods in order to keep prices up. These surpluses could be used if there were serious shortages in the future, but could be destroyed if necessary.
The CAP was more than merely a free-trade system. It was also a device for protecting key industries and reaping the benefits of specialisation. As such it represented an important step in the further integration of Europe.

The Common Fisheries Policy (CFP), which had similar aims to the CAP and was also designed to preserve fish stocks, was signed much later, in 1983. It proved as controversial as the CAP, not least because the issue of territorial waters is one where national interest tends to clash with European integration. In some ways, therefore, its establishment was an even greater achievement.

The first phase of integration – the establishment of a tariff and regulation-free zone with free movement of goods, labour and finance – had been effectively established by 1968, ahead of schedule. Three years earlier, in 1965, the three European institutions, Euratom, the ECSC and the Common Market had been joined by the Merger Treaty. It was therefore time to consider the next phase of development.

In the meantime the Community was expanding at last. Three countries joined in 1973. These were Britain, Ireland and Denmark.

The Single European Act 1985–87

By 1985 the Community was ready to take a further step forward. This was movement towards the creation of a single market. This involved three main provisions:

1. There was to be completely free movement of goods, capital and people between member states. There was already such a provision in theory. However, in practice there were still various forms of restriction. For example members were still preventing some people from moving from one country to another. This inhibited the idea of a free labour market. There were still various forms of restrictions and concessions on the movement of goods through borders. Duty free concessions were an example, as were variable health and safety regulations. Banking practices also varied so that there was not a truly free capital market.

2. Each member state was to incorporate the Single European Act into their own laws. This meant that it would be illegal in terms of each country’s own domestic laws to discriminate against any goods, labour or capital being exchanged within the EC. Each member was thus fully committed to the single market and would no longer be able to obstruct progress.

3. A target date of 1992 was set for the final completion of the single market.

The Single European Act (SEA) was finalised in 1985, ratified at the Council of Ministers in 1986 and had been incorporated into the law of every member state by 1987. It is, of course, an irony that the SEA was fully supported by
Britain’s Prime Minister of the day, Margaret Thatcher. Possibly the most important step in the development of European integration (perhaps with the exception of the single currency) was therefore backed by the leader who was later to become one of the most implacable opponents of the extension of the European union.

The SEA also gave the European Parliament some additional powers, notably to veto the introduction of new members. More importantly, however, the SEA extended the scope of qualified majority voting. At this stage it may be useful to discuss the issue of qualified voting.

**Qualified majority voting (QMV)**

When European integration began, and especially when there were only six members, it was assumed that all decisions would require the agreement of all the members. This effectively meant that each member would have a veto over all decisions. The importance of this principle cannot be over-emphasised.

If a member state can veto decisions it means that it has not sacrificed its own national sovereignty to Europe. It also means that each state had an equal status since everyone’s veto was worth the same. Little Luxembourg could obstruct a decision as easily as Germany, the biggest member. This is all very well in terms of sovereignty. However, it makes decision-making extremely difficult. In order to make progress, therefore, the Community had to introduce majority voting.

A straightforward majority vote system, as applies in domestic parliaments is not, however, desirable. This would take away the power of states to an unacceptable extent. Conversely, it would mean that an alliance of the smaller states could thwart the will of the larger members. For example, when there were six members, the four smallest states would have been able to outvote France and Germany together! Clearly a compromise was needed. A system was required which would take account of the differing size of member states, but would also protect the small states from being ‘bullied’ by the larger ones. The answer was qualified majority voting. Each state is given a differential voting power, according to size. With 15 members the voting powers were as shown in table 13.1.

It needs a total of 62 votes to pass any measure through the Council of Ministers. Thus a small group of countries, say UK, Italy, Belgium and Luxembourg, who total 27 votes, can prevent a measure being adopted. Conversely, even the four biggest members together cannot force a measure through as they only have 40 votes.
The QMV system has steadily been extended, both at Maastricht (1992) and Nice (2000). So more and more sovereignty has been given up by members. But the unanimous vote remains for crucial issues.

**Jacques Delors, 1985–94**

Jacques Delors, a French socialist, became President of the Commission and thus the most senior permanent policy maker in 1985, the year the Single European Act was developed. His election (by the Council of Ministers) marked a new direction for Europe. He wanted to see progress in two areas.

Firstly, Delors recognised that there would eventually have to be monetary union if Europe were to move towards a genuinely single market. His idea was a four-part plan:

1. Prospective members of a single currency system would be required to adhere strictly to the Exchange Rate Mechanism (ERM) which already existed. He understood that this system of fixed exchange rates to bring the economies of Europe closer together had to be supported.
2. The economies of member states would have to ‘converge’. Convergence meant that key economic variables such as inflation, interest rates, government borrowing and unemployment would have to become similar in all the member states. This would reduce the potentially disruptive effects of adopting a single currency.

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<tr>
<th>Country</th>
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<tbody>
<tr>
<td>Germany</td>
<td>10</td>
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<tr>
<td>France</td>
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<tr>
<td>Italy</td>
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<td>UK</td>
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<td>Spain</td>
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<td>Portugal</td>
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<td>Austria</td>
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<td>Ireland</td>
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<td>Denmark</td>
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<td>Finland</td>
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<td>Luxembourg</td>
<td>2</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>87</strong></td>
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**Qualified majority** 62
There would be an interim phase during which the currencies would be absolutely fixed against one another and interest rates would be set for all members by the European Central Bank. This would prevent disturbances in the finance markets of Europe. It would also enable countries to adopt the single currency smoothly in a short period.

There would be a rapid changeover to the single currency by all member countries at the same time.

In the event the Delors plan was adopted and came to fruition on 1 January 2002.

Secondly, Delors wanted to see progress towards closer political union. It was this intention which infuriated Margaret Thatcher. During the negotiations for the Single European Act she had accepted what was seen as an inevitable development. After the SEA, however, Delors wanted to see further progress as quickly as possible. His determination led to Thatcher's speech at a European conference in Bruges in 1988 in which she repudiated the idea of a closer union. This marked a clear watershed in Britain's relationship with Europe. The Conservative party moved decisively towards a Euro-sceptic position. Even so Britain did join the Exchange Rate Mechanism (a decision which Thatcher agreed to with great reluctance). In theory, therefore, Britain could have entered the single currency system up to the point when she was forced out of the ERM in September 1992.

Delors was undaunted by Thatcher's opposition and moved steadily towards the ratification of his plan. He was finally successful at Maastricht in 1992.

Maastricht Treaty 1992

Formally known as the Treaty of European Union, Maastricht marked a significant step forward. The name of the organisation changed to the European Union. This change was more than cosmetic. The term 'Union' suggested that members intended to form a closer, more permanent institution.

Maastricht had a number of facets, making it not only one of the biggest steps forward, but also one of the most extensive. Its main provisions were as follows:

- The future political development of the Union was to be based on the principle of subsidiarity. This established that government institutions should be as de-centralised as possible. The concept of subsidiarity is discussed in more detail below.
- The Single European Act was incorporated into the Treaty of Rome. In effect this gave the European Union a 'constitution' for the first time.
- A number of further decision-making areas were to become the subject of qualified majority voting rather than unanimity. The significance of this
has been described above. By removing national vetoes over a number of functions, national sovereignty was further eroded. It was this measure which caused the British Prime Minister, John Major, so many problems with his own party.

• A commitment was made to establish in the future a European Defence force and to move towards a common set of foreign policies.

• There was a final commitment to move towards a single European currency. The year 2002 was agreed as the target date. Three countries, including the UK were allowed to opt out of this aspect of the Treaty.

• In order to facilitate and maintain the single currency, the principle of convergence was developed. It was recognised that it was essential, if the Euro was to work, for all members of the system to adopt economic policies which would prevent major disruption of monetary union. Thus, for example, it was recognised that member countries would have to keep control over inflation, public borrowing and unemployment according to fixed targets. In this way a single interest rate, set by the European Central Bank, could be applicable to all the European economies.

• It was agreed that there would be movement towards the idea of ‘European citizenship’. This implied completely free movement of people between member countries (a process which had already begun as a result of the Schengen Agreement of 1985), equal citizenship rights throughout the Union and some progress towards common policing for international crimes. In the longer term there was an intention to create a ‘European Bill of Rights’ which would be binding on all members.

• An attempt was made to reduce the democratic deficit in the Union’s political institutions. In particular, the Parliament was given greater powers of legislative amendment and veto. There were also increased powers given to the Court of Auditors which would better enable them to investigate cases of corruption.

• The Social Chapter was negotiated. This established a wide range of rights for workers such as the ‘working hour directive’ to prevent excessively long hours of work and short holidays, rights for women workers with or without children, equal treatment for part-time workers and stronger safeguards against unjustified job losses. As with the single currency issue, Britain negotiated an opt-out from the Social Chapter based on demands from the Conservative party. It was felt that the protections offered would make the labour market considerably less flexible and make Britain uncompetitive. In the event, the Labour party made a commitment to sign the Social Chapter and did so as one of its first acts when it won power in 1997.

The first four clauses of article B of the treaty is worth reproducing in full as it summarises clearly the direction the Union is to take:
**TREATY OF EUROPEAN UNION, 1992**

**Article B**

The Union shall set itself the following objectives:

- To promote economic and social progress which is balanced and sustainable in particular through the creation of an area without internal frontiers, through the strengthening of economic and social cohesion and through the establishment of economic and monetary union, ultimately including a single currency in accordance with the provisions of this Treaty.
- To assert its identity on the international scene, in particular through the implementation of a common foreign and security policy including the eventual framing of a common defence policy, which might in time lead to a common defence.
- To strengthen the protection of the rights and interests of the nationals of its member states through the introduction of a citizenship of the Union.
- To develop close co-operation on justice and home affairs.

So the European Union became wider and deeper. Maastricht was very much the creation of Commission President Jacques Delors and proved to be his greatest achievement. This is not to say that it was an unqualified success for the supporters of European integration. We can assess the significance of the Treaty by comparing its successes and failures.

**Successes**

- At least twelve of the members did commit themselves to closer union. Indeed the outcome of Maastricht was entitled ‘Ever Closer Union’.
- All signatories to the single currency accepted that they would have to accept economic disciplines in order to maintain stability under the convergence criteria.
- The Social Chapter represented a major step forward for the rights of workers and for establishing a genuinely open labour market throughout the continent.
- The single currency issue was resolved and, as we now know, the timetable towards union proved to be realistic and achievable.
- By insisting on the concept of subsidiarity the European Union made some progress towards allaying fears that it was becoming little more than a centralised bureaucracy.

**Partial failures**

- The treaty failed to establish a firm principle of citizenship. Although there was an intention to move towards common rights and responsibilities, no specific measures were taken.
Despite committing themselves to the idea of common defence and foreign policies there was little progress in determining how this might be achieved.

Schengen had begun the process of establishing free movement but Maastricht failed to persuade all members, notably the UK, that they should abandon border restrictions.

Failures

- Clearly the fact that the UK remained determined to opt out of key elements – mainly the single currency and Social Chapter – can be seen as a failure to persuade John Major to stand up to the rebels in his own party. In the event this proved to be a disaster for the Conservatives. Britain’s uncertain position at Maastricht split the Conservative party and contributed to its heavy defeat in the 1997 election.
- Attempts the democratise the political institutions were feeble and did little to reduce claims that the Union was not really interested in democracy.

So we can see that Maastricht enjoyed limited success. It is likely that the movement towards a single currency will prove in the future to have been its principal achievement.

Amsterdam Agreement 1997

Negotiated between 1995 and 1997, the Treaty came into force in 1999. If Maastricht had been a series of intentions, Amsterdam was a confirmation of those policies, converting them into commitments. It was also designed to establish and modernise many of the Union’s institutions. This was for three purposes. Firstly, the various bodies needed the necessary powers to carry forward the plans which had been agreed at Maastricht. Secondly, the changes were intended to make the institutions more democratic. Finally, the agreement anticipated the enlargement of the EU.

The areas covered were:
- The establishment of common rights for all, completely free movement of people, common policies on asylum and immigration. This to include a common system of freedom of information for all citizens.
- Common standards in the fields of the environment, consumer protection and public health standards.
- There was a more precise commitment to common defence and foreign policies. A ‘High Representative’ to express common foreign policy and represent the Union as a whole was to be appointed (in the event Javier Solana was the first holder of this post).
- The voting allocations in the Council were agreed to take account of the next group of new members.
- A series of proposals to democratise the institutions of the Union before they were to be enlarged by the addition of new members.

It was especially recognised that future new members might have extremely variable standards of human rights, treatment of immigrants, health and consumer protection arrangements. By establishing these standards new members would be left in no doubt as to what was expected of them.

Potentially, however, it was the institutional changes which are likely to have the most profound results. These are described in more detail in the ‘Institutions’ chapter of this book (14).

THEORIES OF INTEGRATION

Now that we have reviewed the various stages by which European Union has evolved and integration has matured, we can examine the various theories of integration which have guided the process and which are likely to inform the debate about future developments.

International co-operation

This is the weakest form of integration. It means that groups of nations may meet regularly to discuss matters of mutual concern. However, if they are unwilling to give up national sovereignty, action can only be taken if they succeed in reaching agreement among themselves. Countries may be legally bound by the resulting agreement if a treaty is signed, but nobody needs to feel coerced.

In such a scenario, each issue must be negotiated in its own right. There is a general commitment by countries to try to reach agreement, but this may not prove possible. If there is no supra-national body to which they have given up sovereignty, the organisation need not be threatened if agreement cannot be reached. The North Atlantic Treaty Organisation (NATO) has always operated largely on the basis of such co-operation. Members sacrificed no national sovereignty to NATO, but have agreed from time to time to engage in mutual action, sometimes even committing their own troops to military action under ‘foreign’ commanders. But in every case the member countries have been free to withdraw co-operation without losing their membership of NATO. The British Commonwealth is a further example of this kind of organisation. It only acts if members can agree (for example to adopt sanctions against the apartheid...
regime in South Africa in the 1970s and 1980s). The Commonwealth, like NATO, has never been able to act independently of its own membership.

Had the European Community adopted this form of integration, there can be little doubt that it would have made little progress towards a single market and may not, indeed, have survived at all. The steps needed to create a single market and monetary union were so radical, that they required members to accept that they had to cede some sovereignty to the Community.

**Neo-functionalism**

When the European Coal and Steel Community was created there began a process by which European countries began to transfer national sovereignty to a supra-national body. In these early stages it was clear that the way forward was for various government functions to be given over by member states. At first it was control over the trade in coal, iron and steel. When the European Community itself was formed, controls over trade in general were transferred. As we have seen in the review which is described above, more and more functions have moved over to Brussels. Policy and law on agriculture, fisheries, environmental control, consumer issues, working conditions and many others followed trade as functions which member governments were willing to give up.

This approach to integration can be described as neo-functionalism. It is a gradualist approach which is attractive to those of a more conservative disposition. Countries do not have to give up control over a function if they do not wish to. The European Community has always allowed members a veto over any change in functional responsibility. Thus Britain was able to negotiate opt-outs from the single currency and the Social Chapter when Conservative governments felt they were a step too far, functions which they were not willing to give up. By the same token, functionalism means that a consensus is always needed if further integration is to take place.

The alternative to functionalism is to transfer political sovereignty to the supranational body and then allow that body to decide which functions it wishes to take over. The end result may appear similar, but the process of transfer in functionalism is more cautious and remains in the control of individual members. It is this latter principle which has always governed the way in which European integration has proceeded.

**Pooled sovereignty**

Opponents of European integration have always stressed the fact that national sovereignty has to be sacrificed if progress is to be made. In other words the
transfer of sovereignty is seen as a *negative* development. In some ways this is a valid argument. It is undeniably true that members of the European Union have had to give up some of the independent functions of their national governments.

A less sceptical view can, however, be considered. This suggests that members are not giving up sovereignty, but simply sharing it with others or ‘pooling’ it. The losses of national sovereignty are, in this way, compensated for by *gains* in sovereignty over *other* states in the Union. Thus, for example, when Britain finally signed the Social Chapter in 1997 it lost some national sovereignty over the regulations concerning conditions in the work place. On the other hand, any future developments in this field have to be negotiated and Britain will have some say in future working conditions in Germany, Greece, Spain and every other member state.

There are also functions which are, by their very nature, supranational. This certainly applies to environmental protection (pollution, for example, does not recognise national borders). Similarly, as an increasing proportion of output is accounted for by multi-national companies, national governments become unable to control their operations. Policy on competition (i.e. opposing monopoly power) must, therefore, be carried out at supra-national level. In such cases sovereignty has to be pooled.

This notion of pooled sovereignty will not do for its opponents They have argued that national sovereignty is of a much higher order than shared sovereignty. The domestic government has much more interest in managing its own affairs – after all national governments are elected primarily to do that – than in interfering in the affairs of others.

**Federalism**

This model of integration has been a common way in which groups of sovereign states have come together to form a larger union. Perhaps the most celebrated example of a federal settlement was the creation of the United States of America in 1787. Germany is another prominent example, as are Nigeria, Russia and India.

Federalism is the consequence of a tension which exists between two opposing forces. One is an overwhelming desire to create a new state. The Americans felt that they could not survive in a hostile world as thirteen separate countries. In Germany the driving force for union was partly economic, partly cultural, a need to unite the Germanic peoples and restore national pride. The other is the determination of the states which are to be absorbed by the new union to retain some of their own sovereignty.
The result of such a conflict is a federal settlement. All the uniting states agree to give up sovereignty over certain government responsibilities. Furthermore, their decision is permanent. They do not expect ever to repossess these sovereign powers. At the same time the participants identify which powers they wish to retain for themselves. Here it is understood that the central, or federal, authority will never be able to take over these ‘reserved’ sovereign powers without the permission of the separate states.

At first sight, federalism seems an attractive blueprint for the constitutional future of the European Union. Member countries would retain their own sovereignty and there would be no way that Brussels would be able to get its hands on them in the future. But there remain problems, the main examples of which are shown in the box.

**Problems with federalism**

- A European federal state would be a new state which would stand above the member states. In other words, national governments would be downgraded and seen as inferior. This is certainly the experience of other federal states.
- Federalism also implies permanence. Under existing arrangements member states feel they have the opportunity to change their relationship with the centre through negotiation. This is not the case with a federal settlement which would be ‘entrenched’.
- There is a fear that there would be a tendency for the federal authority to gather more and more powers to itself. Until President Reagan began to reverse the process in the 1980s, it was certainly true that the federal government of the United States gained power over the individual states.
- In all other federal arrangements, the most important powers have been given to the centre. These include economic and monetary control, defence, foreign affairs and internal security. The individual states have, by contrast, been confined to less fundamental activities such as social policy, transport and planning.

Nevertheless federalism is seen by some as the way forward for Europe.

**European government**

Opponents of complete political integration tend to refer to this vision as the European super-state. Supporters see such a development as possibly inevitable and certainly desirable. The latter view is both radical and genuinely internationalist. It is based on the proposition that the independent nation-state has had its day. They believe that its survival will hinder progress and argue further that the nation-state has been a historical phenomenon which is not appropriate in the modern age of globalisation and interdependence.

Ironically, it was a great Conservative politician, Winston Churchill, who was one of the first post-war statesman to dare to suggest the idea of a European
government. He suggested that a single sovereign government for Europe would be the only way to prevent conflict between the nations of the continent. To those who feared that such a government would destroy cultural diversity, Churchill replied that culture was a European phenomenon in itself, more important than national cultures.

In the event Churchill's ideas were far too radical for most British politicians. Meanwhile, on continental Europe, they were rejected as an attempt to sponsor British domination. There remain a few supporters to this day, but the idea of sacrificing all national sovereignty to a European state is unlikely to find widespread favour in the foreseeable future.

**Subsidiarity**

This principle was adopted for the European Union at Maastricht in 1992. It is fundamentally a liberal idea, but has also been shared by many socialists and even some conservatives throughout the continent.

To understand it we should be aware that government in Europe can be carried out at four different levels. These are: supranational (Europe), national, regional, local.

We can now consider what functions of government can and should be carried out at each level. Clearly there are some functions which should be divided between two or more levels, but the principle of subsidiarity suggests that there is normally a rational division of powers. The box demonstrates a likely scheme of subsidiarity.

<table>
<thead>
<tr>
<th><strong>A scheme of subsidiarity</strong></th>
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</thead>
<tbody>
<tr>
<td><strong>Supranational.</strong> International trade; environmental protection; defence; foreign affairs; long-distance transport; finance; some indirect taxation; energy planning; competition control; consumer protection; workers’ protection; agriculture and fishing.</td>
</tr>
<tr>
<td><strong>National.</strong> Health care; criminal law; direct taxation; micro-economic development; arts and culture; personal taxation; national transport; welfare benefits; environment; higher education.</td>
</tr>
<tr>
<td><strong>Regional.</strong> Regional transport; environment; urban planning and regeneration; rural affairs; economic development; some indirect taxation.</td>
</tr>
<tr>
<td><strong>Local.</strong> Education; personal social services; local planning; local transport; local environment; crime prevention and detection; provision for the aged; mental health provision; local taxation.</td>
</tr>
</tbody>
</table>

There are two striking features of such a scheme. The first is that a large number of key functions are shown at supranational level. This may appear alarming to defenders of national interests. However, it should be pointed out these are issues which do not impact on the everyday lives of citizens so that
European government may not bear down on citizens quite as heavily as may be feared.

The second feature is that most functions in this scheme are not placed at national level. To some extent this is a natural process. It is becoming increasingly impractical for nation-states to be able to control many issues. Some examples can illustrate this second point.

- **Defence.** Traditional wars of invasion and defence are over. Conflicts are increasingly international, highly technical and can only be dealt with through international action. Problems in the Balkans, the Gulf and with terrorism after 2001 are clear examples.

- **Foreign policy.** Individual countries have insufficient influence to be able to shape international events. As Europe becomes a single economic bloc, issues concerning trade and economic issues must be conducted collectively.

- **Environment.** Environmental problems such as global warming, emissions control, energy depletion, conservation issues do not recognise national boundaries.

- **Competition.** Since most large corporations are now multinational, control of monopoly power must also be carried out on a supra-national basis.

At the same time the process of European integration itself has taken functions away from nation-states. Again some examples are shown below:

- **Monetary union.** Control over finance, interest rates and money supply is now European based.

- **Single labour market.** Uniform regulations concerning working conditions etc. needed.

- **Single product markets.** Consumer protection and trade regulations are controlled in Europe.

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**SAMPLE QUESTIONS**

1. In what ways and to what extent has European integration eroded the sovereignty of nation-states in Europe?

2. Why was the Maastricht Treaty considered a major step towards European integration?

3. Identify, describe and analyse the key stages in European integration since 1957.

4. Is Europe destined to become a new ‘super-state’?