

1957

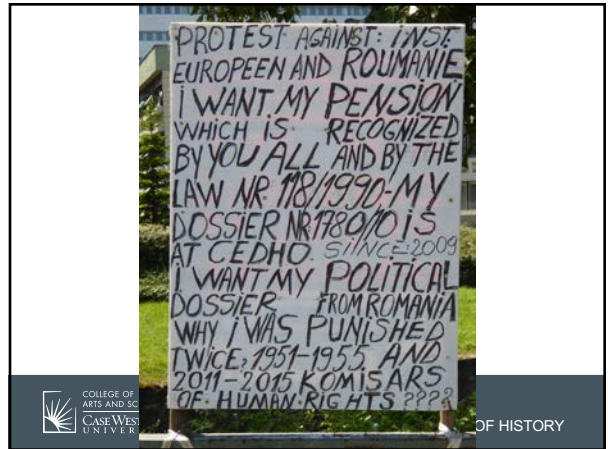
### The European Union: History, Structure, Future

Senior Scholars Spring 2017

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368-4144

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### The Economic Union

- Negotiations that led to creation of ECSC by the Treaty of Paris in 1951 never really stopped
- Ever since the Marshall Plan, announced at Harvard in June 1947 and enacted by Congress in April 1948, economic and even political union had been goal not only of Europeanists but also of American foreign policy elites

### The European Union



Paul-Henri Spaak



Richard von Coudenhove-Kalergi


### The European Union



John Foster Dulles



Sumner Welles



Walter Lippmann

### The European Union

- John Foster Dulles
  - Waldorf-Astoria, January 17, 1947
  - “Europe must federate or perish”
- Benjamin Sumner Welles
  - *Washington Post*, February 5, 1947
  - “Europe desperately needs some effective form of political and economic federation.”

### The European Union

- Walter Lippmann
  - *New York Herald Tribune*, April 5, 1947
  - “The crisis is developing because none of the leading nations of Europe – Great Britain, France, Italy, Germany – is recovering from the war, or has any reasonable prospect of recovery. . . . The truth is that political and economic measures on a scale which no responsible statesman has yet ventured to hint at will be needed in the next year or so. To prevent the crisis which will otherwise engulf Europe. . . the measures will have to be very large – in Europe no less than an economic union and over here no less than the equivalent of a rival of Lend-Lease.”



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### The European Union

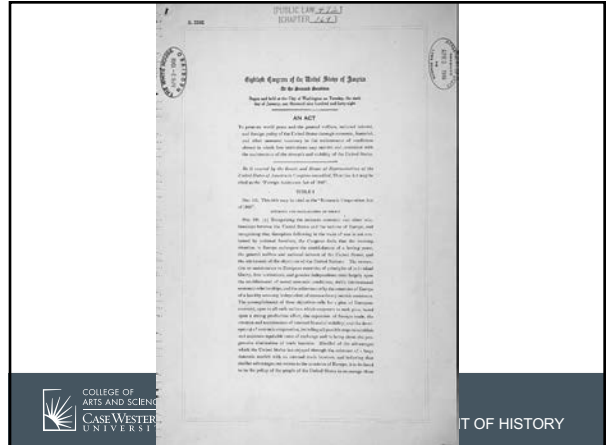
- Marshall Plan sent \$13 billion to Europe before it ended at the end of 1951



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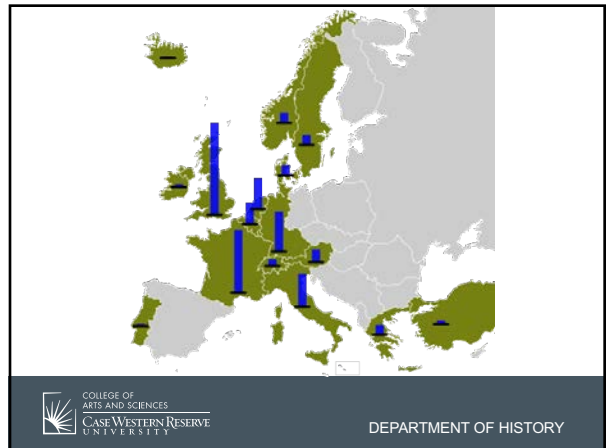
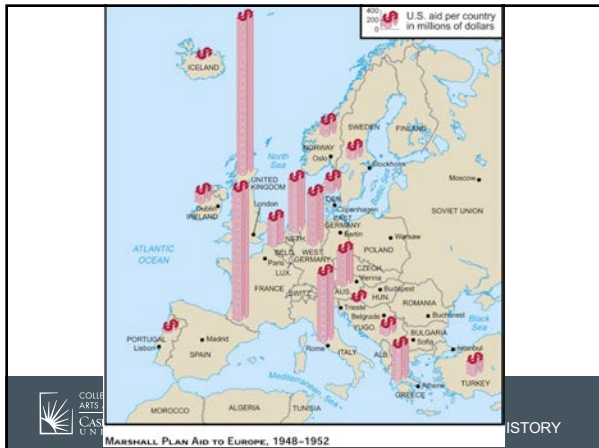
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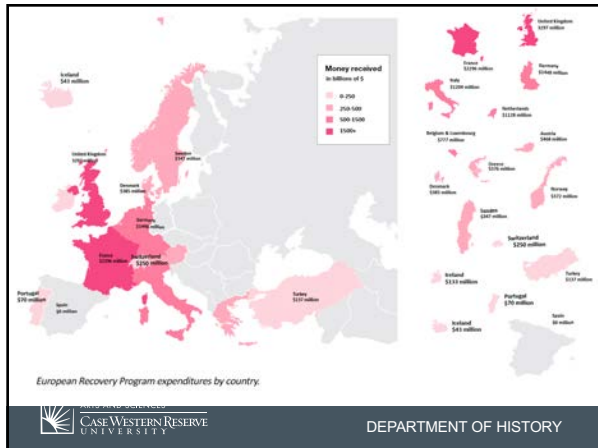


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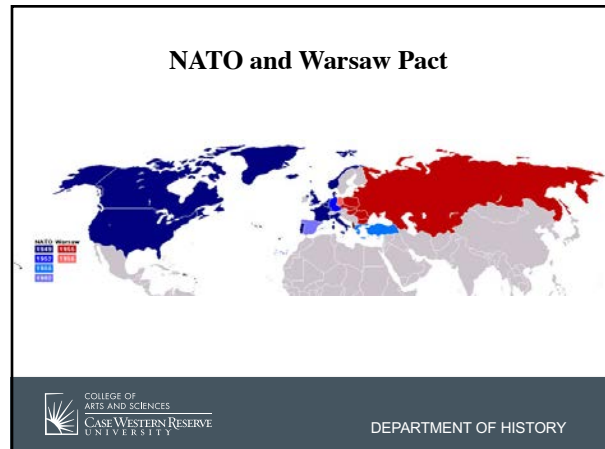




Country	1948/49 (\$ millions) *	1949/50 (\$ millions) *	1950/51 (\$ millions) *	Cumulative (\$ millions) *
Austria	232	166	70	468
Belgium and Luxembourg	195	222	360	777
Denmark	103	87	195	385
France	1085	691	520	2296
West Germany	510	438	500	1448
Greece	175	156	45	376
Iceland	6	22	15	43
Ireland	88	45	0	133
Italy and Trieste	594	405	205	1204
Netherlands	471	302	355	1128
Norway	82	90	200	372
Portugal	0	0	70	70
Sweden	39	48	260	347
Switzerland	0	0	250	250
Turkey	28	59	50	137
United Kingdom	1316	921	1060	3297
<b>Totals</b>	<b>4,924</b>	<b>3,652</b>	<b>4,155</b>	<b>12,731</b>

### The European Union

- Initially both Europe and the United States imagined that political and economic integration would proceed at the same time
  - NATO came into being on April 4, 1949
  - Three purposes (Lord Ismay):
    - To keep the Russians out
    - To keep the Americans in
    - To keep the Germans down

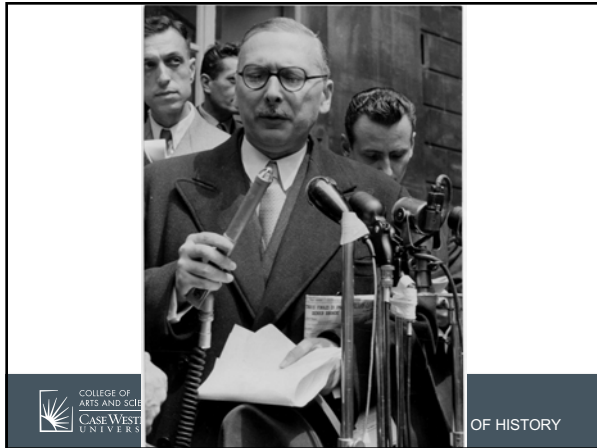


### The European Union

- External events gave impetus to American desire to rearm Germany
  - August 29, 1949
    - Soviet Union exploded its first atomic bomb
  - June 25, 1950
    - North Korea invaded South Korea, distracting huge fraction of American army
  - September 1950
    - Secretary of State Dean Acheson proposed a new European commitment to staff NATO defense needs, including 12 divisions of troops from newly-established Federal Republic of Germany

### The European Union

- October 1950, French Premier René Pleven presented plan drafted by Jean Monnet to create supranational European army
  - Pleven Plan
  - European Defense Community
    - Benelux, France, Germany, Italy
  - Political/defense parallel to Schumann Plan for economic integration
  - These 6 signed Treaty of Paris, May 27, 1952
    - German units would report to EDC, not to a German government
  - But political opposition from Gaullists in French Fourth Republic led to failure of ratification in August 1954
    - Dien Bien Phu fell May 7
    - Algerian War erupted November 1



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### European Defense Community

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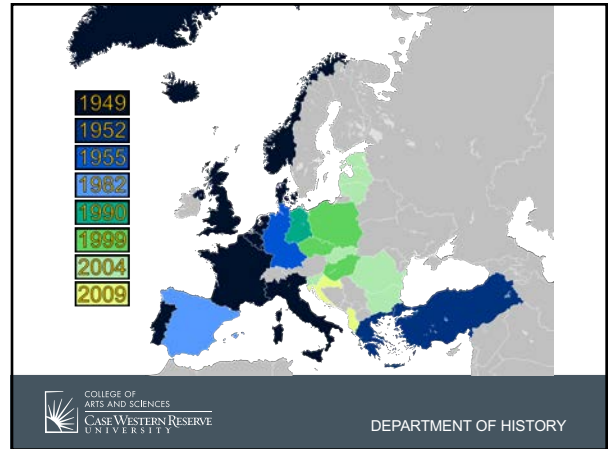
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### The European Union

- Result was negotiations in London and Paris in September and October 1954, resulting in Paris Accords, October 23
  - Restored Federal Republic of Germany to full sovereignty (not Berlin)
  - Ended residual occupation
  - Permitted Germany to form an army
  - Amended NATO Treaty of Brussels to admit Germany as a member
  - Germany joined NATO May 6, 1955
  - In response, Soviets formed Warsaw Pact in 1956

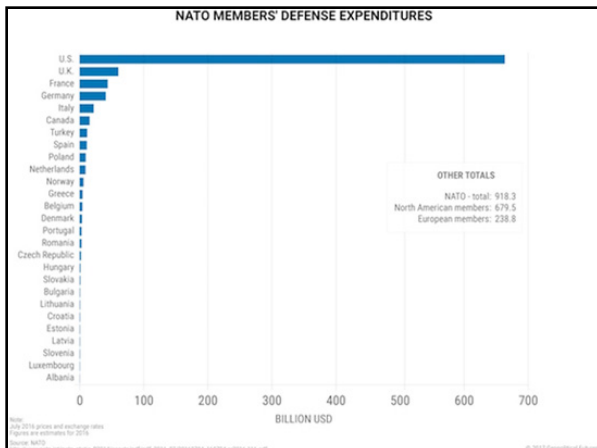
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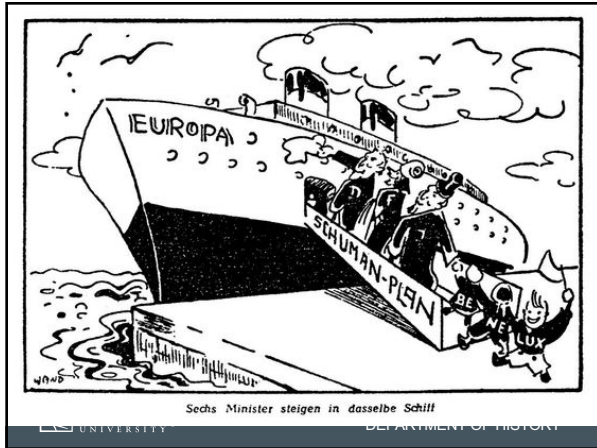
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### The European Union

- So focus returned to economic integration
  - Had already begun with Marshall Plan
  - Envisioned in Schumann Plan, to expand from one segment of economy to whole economy
  - Two key questions:
    - Would integration include United Kingdom?
    - How far reaching would integration be?

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### The European Union

- Messina Conference, 1955
- Spaak Report, 1956
- Rome Conference, 1957

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### The European Union

- British reluctance to participate in 1956
  - Insularity
    - "Fog in Channel; Continent Cut Off!"
  - Concern for Sterling
  - Concern for Empire
  - Preference for free trade instead of common market
  - "Britain missed the bus"

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### The European Union

- Applications in 1961
  - Denmark, Ireland, Norway, United Kingdom
- DeGaulle saw Britain as Trojan Horse for United States
  - Vetoes British membership, enlargement rejected

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Artist: Illingworth, Leslie Gilbert, 1902-1979  
Published: Daily Mail, 16 Jan 1963  
Format: Artwork



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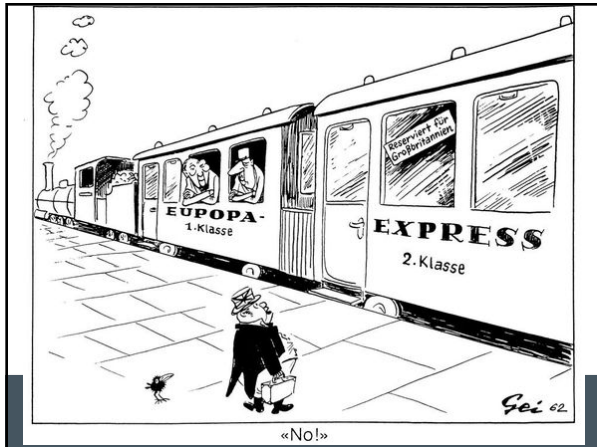
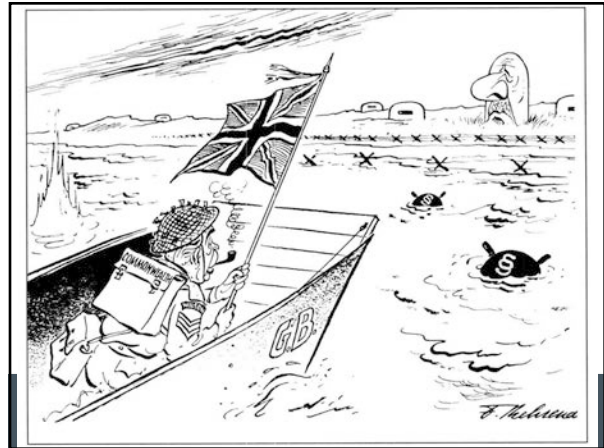
"I suspect you of driving under the influence of America."  
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### The European Union

- Applications in 1961
- DeGaulle saw Britain as Trojan Horse for United States
- Renewed applications 1967
  - Same four
- Enlargement 1973
  - Norwegian electorate rejected in referendum on September 25, 1972
  - Not now, nor has ever been, member of EEC/EU



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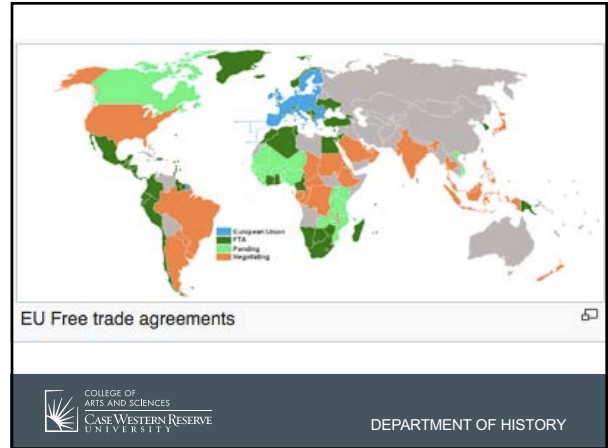
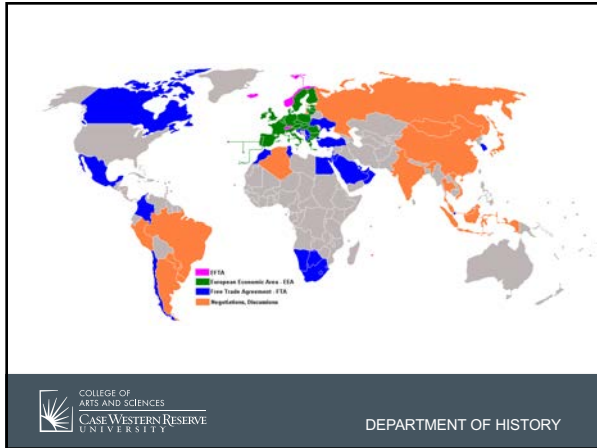
### Forms of Economic Integration

- Free Trade Area
  - Tariffs and quotas on trade between Member States removed
  - Each party free to determine unilaterally level of customs duty on imports from outside territory of free trade area
  - Often limited to goods; can extend to services but that is harder



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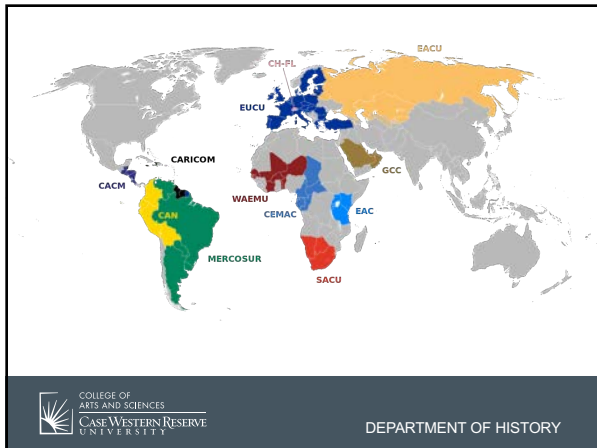




### Forms of Economic Integration

- Free Trade Area
- Customs Union
  - Tariffs and quotas on trade between Member States removed
  - Member States also agree to apply a common external tariff
  - Requires some institutional connection to determine common external tariff
  - Still primarily trade in goods

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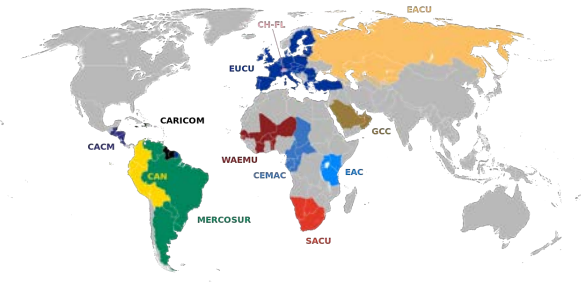
Agreement	Date (in force)
Andean Community (CAN)	1988-5-25
Caribbean Community (CARICOM)	1991-1-1
Central American Common Market (CACM)	2004-10-06
East African Community (EAC)	2005-1-1 <sup>[2]</sup>
Eurasian Customs Union (EACU)	2010-07-1 <sup>[3]</sup>
European Union Customs Union (EUCU; EU-Monaco)	1958
L EU-Andorra Customs Union	1991-7-1
L EU-San Marino Customs Union	2002-4-1
L EU-Turkey Customs Union	1996-1-1
Gulf Cooperation Council (GCC)	2015-01-01 <sup>[4][5][6]</sup>
Israel-Palestinian Authority	1994 <sup>[7]</sup>
Southern Common Market (MERCOSUR)	1991-11-29
Southern African Customs Union (SACU)	1910 <sup>[10]</sup>
Switzerland-Liechtenstein	1924
West African Economic and Monetary Union (WAEMU)	1994-01-10


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### Forms of Economic Integration

- Free Trade Area
- Customs Union
- Common Market
  - Adds to free movement of goods within a customs union the free movement of other factors of production
  - Labor
  - Capital
  - Enterprise
  - Raw materials?
    - No; they are just “goods”



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### Forms of Economic Integration

- Free Trade Area
- Customs Union
- Common Market
- Economic and Monetary Union
  - A common market in which there is a complete unification of monetary and fiscal policy
  - Monetary policy
    - Ability to control size of money supply
  - Fiscal policy
    - Ability to manage public finance of the state by aligning revenue and expenditure through appropriation and taxation


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Stages of economic integration around the World (each country colored according to the most integrated form that it participates with):

- Economic and Monetary Union (CSME/EC\$, EU/€, Switzerland–Liechtenstein/CHF)
- Economic union (CSME, EU, EAEU, MERCOSUR, GCC, SICA)
- Customs and Monetary Union (CEMAC/XAF, UEMOA/XOF)
- Common market (EEA–Switzerland, ASEAN)
- Customs union (CAN, EAC, EUCU, SACU)
- Multilateral Free Trade Area (CEFTA, CISFTA, COMESA, EFTA, GAFTA, NAFTA, SAFTA, AANZFTA, PAFTA, SADCFTA)


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### Forms of Economic Integration

- Free Trade Area
- Customs Union
- Common Market
- Economic and Monetary Union
- Political Union
  - Amalgamation of Member States into a new federal state, with shared competencies and sovereignties
  - Shared and derogated sovereignties


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### The European Union

- Long experience in the United States living in a federal state
- One European state with deep history as a federal state
  - *Federal* Republic of Germany
  - German Empire of 1871 itself a federal state
  - Tradition of federalism back to Holy Roman Empire

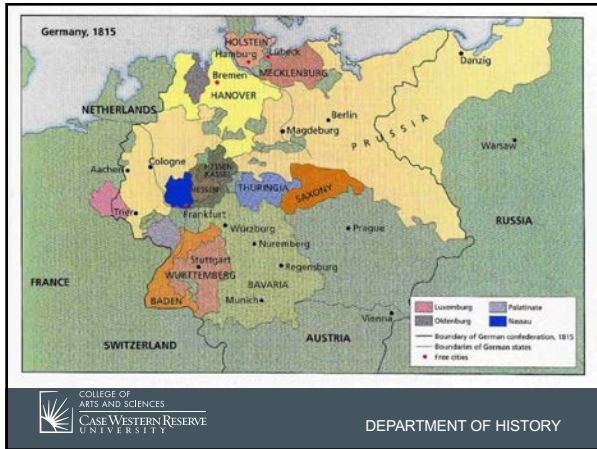

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### The European Union

- Second important role of German history in the concept behind the European Economic Community
  - First Line in Preamble: "DETERMINED to lay the foundations of an ever-closer union among the peoples of Europe."
  - Kingdom of Prussia after 1815

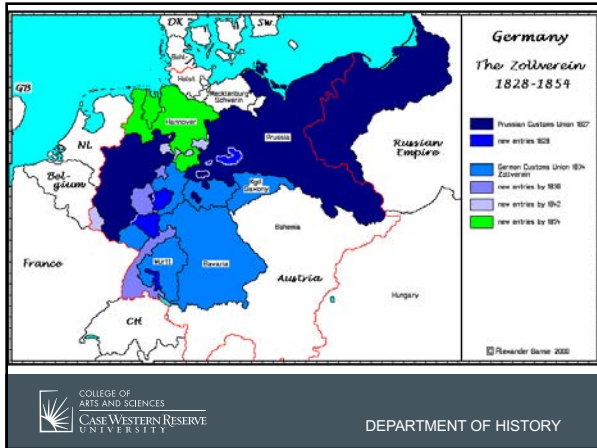
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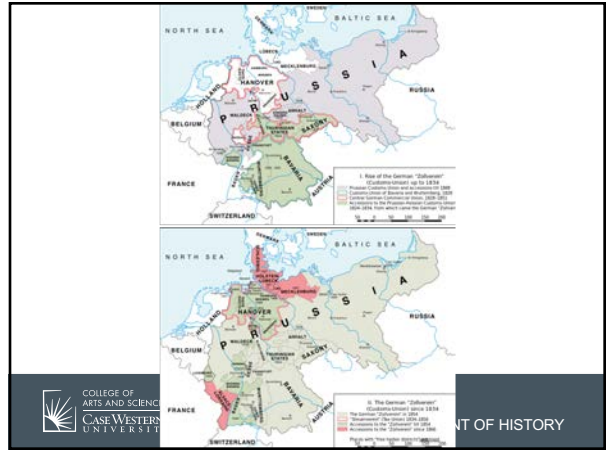


### The European Union

- Second important role of German history in the concept behind the European Economic Community
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  - Kingdom of Prussia after 1815
  - Prussian Customs Union, *Zollverein*, 1834

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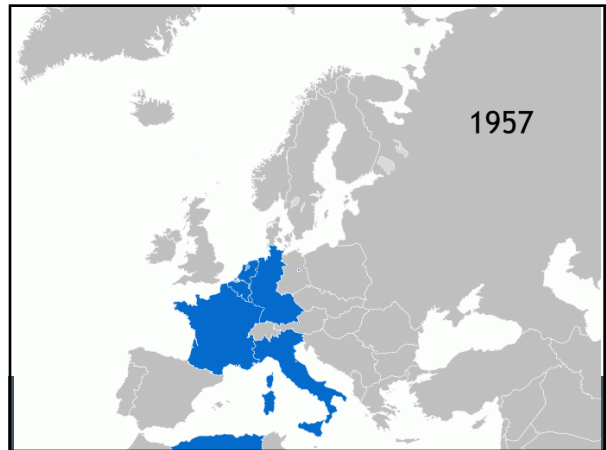
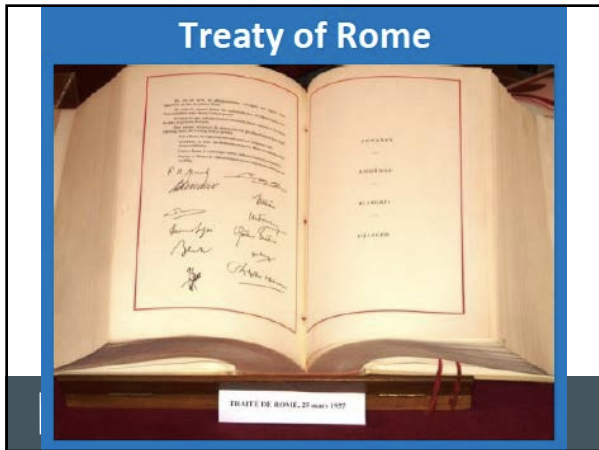


### The European Union

- Treaty of Rome, March 25, 1957
- Entered into effect January 1, 1958


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## The European Union


- **European Economic Community**
  - Completed customs union by mid-1968, ahead of schedule
  - “Four Freedoms” as key to common market
    - Free movement of goods
    - Free movement of persons, especially workers
    - Free movement of services, together with the right to establishment
    - Free movement of capital



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## The European Union


- Treaty of Rome, 1957
- European Economic Community
- Article 4
- 1. The tasks entrusted to the Community shall be carried out by the following institutions.
  - An Assembly [European Parliament]
  - A Council
  - A Commission
  - A Court of Justice



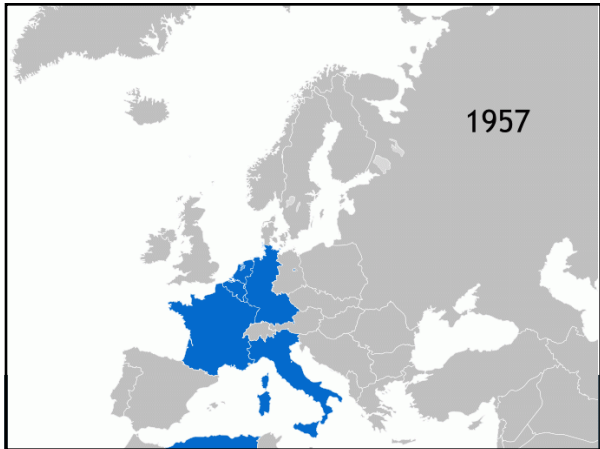
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## The European Union

- **Enlargement**
- **Enlargement always politically driven more than economically driven**
- **Treaty of Rome, 1957 – “The Six”**
  - Benelux, France, Germany, Italy




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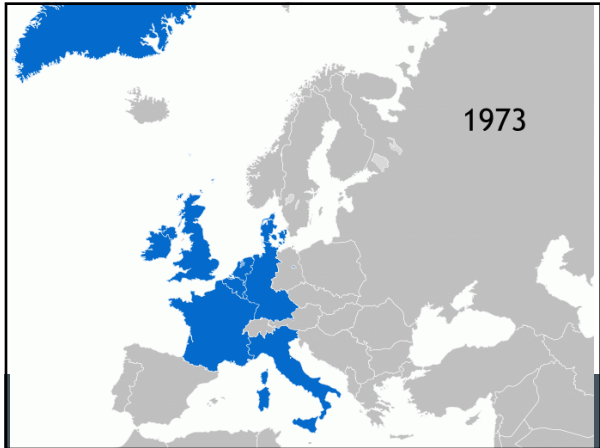


## The European Union

- **Enlargement**
- **Treaty of Rome, 1957 – “The Six”**
- **Accession, 1973 – “The Nine”**
  - Denmark, Ireland, United Kingdom
  - U.K. membership postponed, then blocked by DeGaulle
  - U.K. economy in desperate straits




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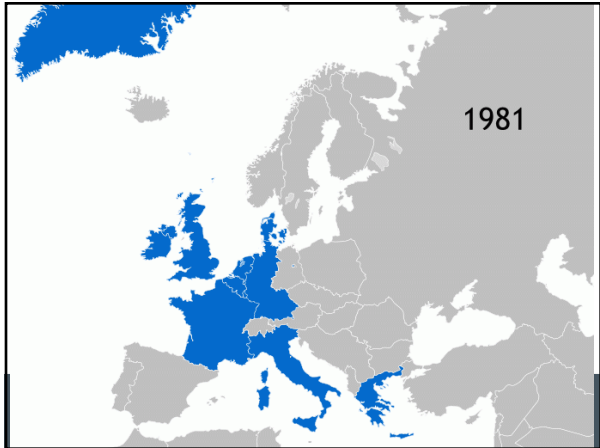
### The European Union

- **Enlargement**
- **Treaty of Rome, 1957** – “The Six”
- **Accession, 1973** – “The Nine”
- **Accession, 1981** – “The Ten”
  - Greece
  - Recently returned to democracy after fascist military dictatorship until 1974




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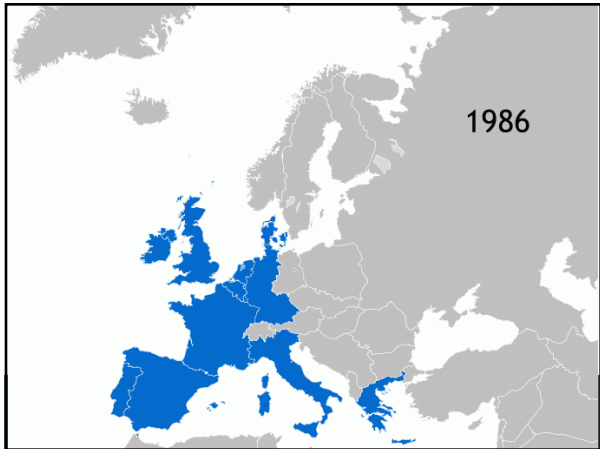
### The European Union

- **Enlargement**
- **Treaty of Rome, 1957** – “The Six”
- **Accession, 1973** – “The Nine”
- **Accession, 1981** – “The Ten”
- **Accession, 1986** – “The Twelve”
  - Portugal, Spain
  - Both fascist dictatorships with backward economies until 1974-75; fascist coup attempt in Spain in February 1981




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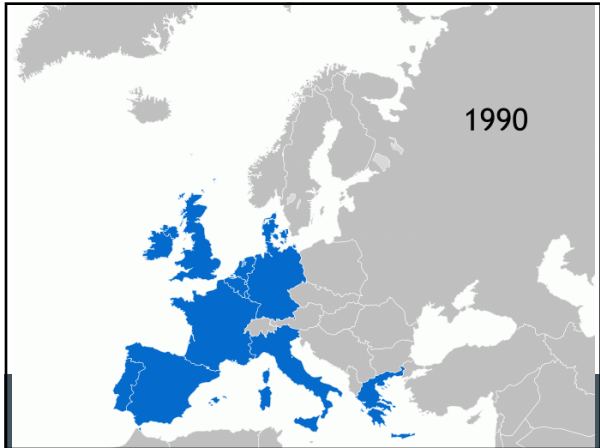
### The European Union

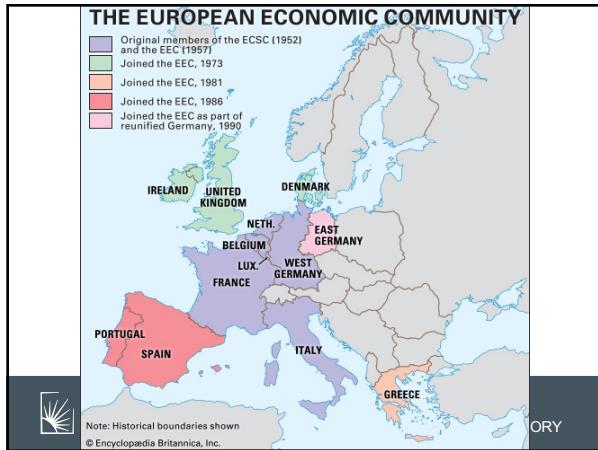
- **Enlargement**
- **Unification of Germany, 1990**



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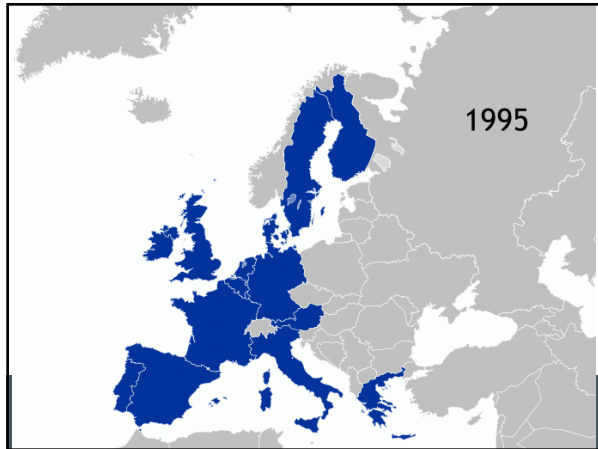




### The European Union

- **Enlargement**
- **Unification of Germany, 1990**
- **Accession, 1995 – “The Fifteen”**
  - Austria, Finland, Sweden
  - Post-Cold-War expansion
  - Neutral states with mature market economies

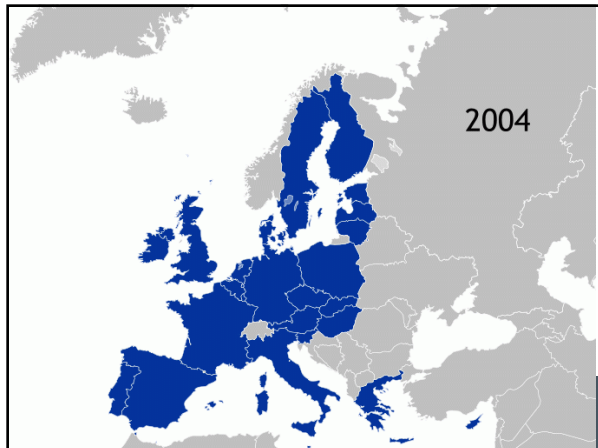
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### The European Union

- **Enlargement**
- **Unification of Germany, 1990**
- **Accession, 1995 – “The Fifteen”**
- **Accession May 2004 – “The Twenty-Five”**
  - Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia
  - More advanced of subject states of former Soviet Union, plus two small states
  - Key concern to limit economic migration into core of European Union

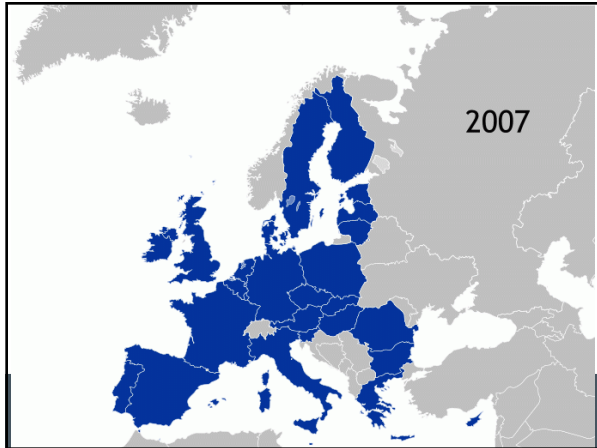
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### The European Union

- **Enlargement**
- **Unification of Germany, 1990**
- **Accession, 1995 – “The Fifteen”**
- **Accession May 2004 – “The Twenty-Five”**
- **Accession January 2007 – “The Twenty-Seven”**
  - Bulgaria, Romania
  - Less advanced subject states of former Soviet empire

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### The European Union

- **Enlargement**
- **Accession July 2013** – “The Twenty-Eight”
  - Croatia: Become 28<sup>th</sup> Member State on July 1, 2013

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### The European Union

- **Enlargement**
- **Applicants**
  - Iceland, Former Yugoslav Republic of Macedonia (FYROM), Montenegro, Serbia, Turkey
- **Application Submitted**
  - Albania
- **Potential Candidates**
  - Bosnia and Herzegovina, Kosovo

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### Candidate States

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### Possible Future Enlargement

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