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EUROPEAN INTEGRATION

A CONTINENT IN REVOLUTION

GILLES GRIN



FONDATION
JEAN MONNET
POUR L'EUROPE

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For Corina

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Preface

In writing this book, I drew extensively on the European integration course that I teach at the University of Lausanne, as part of a partnership with the Jean Monnet Foundation for Europe. It is thus backed by over ten years of teaching on the subject. I have endeavoured to produce as straightforward a text as possible. My aim is to present complex and at times highly technical issues in a way the reader can understand. My credo: simplify without distorting.

I offer special thanks to Françoise Nicod, who used to oversee the archives at the Jean Monnet Foundation for Europe, and Eva Paul, project manager at the Foundation, both of whom helped me enormously in preparing the final text. I am also deeply indebted to two recently deceased and highly beloved professors at the Graduate Institute of International and Development Studies. First, Pierre du Bois, who was my thesis supervisor and much more: a guide and friend who taught me so much about European integration. Second, Bruno Arcidiacono, who chaired my thesis panel and came to Lausanne on several occasions to speak with my students, and in so doing greatly expanded our understanding of European diplomatic history before 1945.

Lausanne, May 2021

Chapter 1 : Political and economic Europe before 1945



King's cake being cut at the Congress of Vienna in 1815 [engraving].

1. International systems

Five types of international systems

Professor Bruno Arcidiacono, who taught at the Graduate Institute in Geneva and sadly passed away in 2019, set out five types of international systems: the hegemonic system, the balance-of-power system, the directorial system, the international-law-based system (or confederation), and the federation¹. Let us consider each of these systems in turn.

1/ Hegemonic system. In a hegemonic system, most of the strength and power in the international system are held by a single super-power able to impose its law on others. The hegemonic system suits the hegemon – the dominant power in the international system – quite nicely but is obviously loathsome for the powers that are under its yoke.

A number of hegemonic empires existed in antiquity. Some, like that of Alexander the Great and the Roman Empire, covered a vast territory. At its peak, the Roman Empire encompassed close to 100 million people, which is roughly half of the Earth's estimated population at the time. But the rest of the world was not part of a system, so there was no real international system so to speak. There were also great powers that, for their neighbours at least, could be considered hegemons. In a hegemonic system, the other powers, nations and groups typically bristle at being subjugated. And so it is only natural for countries that fear the rise of a hegemon to come together and join forces. That is why, throughout history, would-be hegemons have often been thwarted by coalitions of other powers.

¹ Bruno Arcidiacono. *Cinq types de paix: une histoire des plans de pacification perpétuelle (XVIIe – XXe siècles)*. Paris: Presses Universitaires de France, 2011.

2/ *Balance-of-power system.* In this type of international system, power is shared among several countries. As we will see, a system of this type formed in the years preceding the First World War. A bipolar system is a balance-of-power system that is dominated by two powers; the Cold War offers up a good example of this, with the strategic and systemic rivalry between the United States and the Soviet Union.

In a multipolar system, more than two powers hold sway. Potential hegemonies commonly seek to turn the balance-of-power system into a hegemonic one, while the other powers team up to prevent that from happening, effectively maintaining the balance of power.

3/ *Directorial system.* This type of system exists when the great powers of a given period agree to jointly run the international system. It is the idea behind the creation of the United Nations (UN) in 1945, where the five permanent members each hold veto power. The aim is to ensure the great powers are able to work together and keep peace around the world.

In the balance-of-power system, the great powers are in competition yet they counterbalance each other. In the directorial system, these powers work together to run the world. These first three international systems have one point in common: they require force for the system to function.

4/ *The international-law-based system (or confederation).* In this system, the law takes the place of force as the operating principle, and this implies the existence of an international social contract. The underlying premise is that application of the rules of international law is guaranteed by a set of principles, rules and institutions. The international-law-based system is also considered confederal, reflecting the same distinction as that between a confederation and a federation. States agree to create shared norms, to work together and to define principles and rules as necessary. But it remains an intergovernmental system: each State maintains veto power and, of course, the right to withdraw from the system.

National sovereignty is not delegated; it remains the purview of each State, which cannot be subject to constraints. A good example of a confederation is the League of Nations, which emerged in the wake of the First World War.

The League of Nations' failure to achieve its stated objectives was made clear by the outbreak of the Second World War. The strength of this system is also its weakness: sovereignty remains entirely in the States' hands, and each State has veto power.

5/ *Federation.* This system represents a form of political union among the constituent States. It entails the emergence of a new international authority that prevails over the member States. Each member State delegates sovereignty in certain domains. This type of system was already conceived by various Middle Ages scholars and philosophers, but it has never been put in place internationally because it requires the great powers to do something that they rejected: sharing or renouncing aspects of national sovereignty. Today's European Union is a combination of systems 4 and 5 – confederation and federation. The European Communities, which were created in the 1950s and evolved into today's European Union, were designed after the Second World War by people who wanted to prevent the horrors of the two world wars from recurring on the European continent. The idea was to eliminate the use of force among European States once and for all. And moving past force meant moving past hegemonic, balance-of-power and directorial systems.

The confederal model, which is the intergovernmental method ultimately used to achieve European integration, allows for rules and institutions to be created in some areas. It enables States to cooperate, but each State maintains full sovereignty and keeps their veto power. That makes it almost impossible to build a real political union. To do so, some aspects of sovereignty would have to be delegated, some institutions would have to be created, and a supranational form of law would have to be enacted – all of which would add up to a federation.

In view of the many differences in the world as it is, was and will remain, the idea of a global federation is utopian. Yet humankind is now facing a number of urgent global governance challenges. Fast and effective action around the world is required to address extremely pressing issues such as climate change and the sharp decrease in biodiversity; and a global effort is needed to ensure everyone can live as decently as possible and to deal with migration-related issues. One could argue that these major planetary issues require a federal type of global governance. In reality, at this point in time, it would be impossible to create a political union at the global level. Whether or not this is a necessity is open to debate, but the very wide variety of political systems – and their underlying motivations – make it simply impossible.

In Europe, a federal system has been conceived and developed regionally. It could work between States that are similar in terms of their economy, geography and culture, for example, as is common on the European continent. But setting up a federation is not easy, because States exist and want to remain intact. As a result, where federal-style developments are possible, we often see a mixed system that exhibits both federal and confederal features.

Periodisation

Since the modern era began five centuries ago, balance-of-power systems have tended to predominate. Force is part and parcel of international order. Blocs of countries find themselves on opposing sides, with coalitions changing, evolving and adapting.

The other types of systems have occurred as well. The hegemonic system has failed to take hold so far because other countries have prevented that from happening. Features of the directorial and confederal systems can be and have been present to varying degrees. The creation of the European Communities and then the European Union shows how federal systems have made their mark within the European sub-system, although not across the international level.

Let us have a look at the year 1815. This was a very important year for Europe, which was still at the centre of the international order. A peace settlement was negotiated and signed at the Congress of Vienna. This peace settlement was reached after nearly a generation of non-stop conflict. The political convulsions that wracked France – Revolution, Republic and Empire – had upended the age-old international order. New values and ideas came to the fore, bringing with them new visions of people's rights and the international order. This led to a nearly uninterrupted stream of chaos and conflict from 1792 to 1815.

Europe was exhausted when it emerged from this long period of war. The powers attending the Congress of Vienna were intent on restoring peace to the European continent. The French Revolution had changed everything. Conservative forces would have been happy to wave a magic wand and turn back the clock, but that was impossible because the new French ideals of liberty, democracy and republican values had conquered much of the continent. This set the stage for the social and economic – but also political and values-based – struggles that took place in the 19th century and ultimately helped shape the international order. However, the 19th century was also a relatively peaceful period compared with previous centuries and, especially, to the following century. The conflicts that took place were local and, with some exceptions, did not challenge relations between the great powers.

The great powers enjoyed two long stretches of peace in the 19th century, each lasting around 40 years. The first ran from 1815 to 1854, and the second from 1871 to 1914. Such extended periods of peace were unusual in the international order and had not been seen since the start of the 16th century. From 1854 to 1871, however, five consecutive wars took place, some manifesting rivalries among the powers, while others were internal wars that led to the unification of Italy and Germany. At the end of that tumultuous 17-year period, a new international order was in place.

Following the relative calm of the 19th century, the first half of the 20th century was horrendous, with two world wars taking place

between 1914 and 1945. The 20 years of apparent peace that separated these wars were marked by various conflicts, and poorly designed peace settlements planted the seeds of a future war. These seeds, combined with significant political, economic and social disruption in the 1930s, led to the Second World War. The two world wars were global and affected all of society: combatants and civilians combined, some ten million people died in the First World War, while 60 million perished in the Second World War.

Looking through the prism of international systems, one could say that the Habsburgs' attempts at hegemony in Austria, the Holy Roman Empire and Spain, had been rebuffed; France's hegemonic ambitions under King Louis XIV and the Emperor Napoleon, had been thwarted; and, in the Second World War, Germany's hegemonic ambitions peaked and, fortunately, failed.

In 1945, the whole world – and nowhere more than Europe – was exhausted by these devastating wars. The Second World War wore Europe out, triggered the gradual dissolution of Europe's colonial empires and led to the global domination of the international order by two powers that Europe had helped give rise to: the United States and the Soviet Union. The international order then assumed a bipolar configuration between the US and its allies on one side and the Soviet Union and its allies on the other. The Cold War was an extremely tumultuous period.

The Cold War did not lead to an actual war between the great powers. This was fortunate, as they had both become atomic powers with massive destructive capabilities, enough to destroy the entire planet several times over. The threat of nuclear annihilation and the destruction of humankind loomed over this period.

Western Europe was protected by the US security umbrella during this time. It depended on the US, but this was a willing dependence, as the Europeans had asked the US to remain in Europe. The US exercised soft power, offering an attractive political, economic and cultural model. Its presence in Western Europe was

in its own interest as well, buttressing its global struggle with the Soviet Union and opening up markets. The people and governments of Western Europe largely welcomed this relationship.

The story was different for Central and Eastern Europe, which at the time was referred to simply as Eastern Europe. The Soviets harshly imposed their communist model on that region – like an economic, social and political straitjacket – and carried out brutal purges. Europe found itself divided, having lost mastery of its destiny.

Most people in Western Europe were in favour of the US presence, which brought with it a stable security situation and a good framework for furthering the cause of European integration. That was a process they themselves wanted, and one that was supported to the extent possible by the US. Historically, this support bore the hallmarks of a benevolent relationship, although the situation would ultimately become more difficult and tense. In terms of the nomenclature of international systems, one could say that, thanks to US support, Western Europe became a sub-component of the bipolar system defined by the balance of power between the US and the USSR. And it was within this international system that the process of European integration led to the emergence of a regional system that drew on both confederal and federal elements.

The end of the Cold War came about between 1989 and 1991. The 15 federal republics of the Soviet Union became independent States, and the most powerful among them – the Russian Federation – inherited the USSR's nuclear weapons and its permanent seat on the UN Security Council. However, in the 1990s, Russia was no rival for the US. At the time, some thought that the US would enjoy a unipolar period, but that did not last for long as the US became mired in the Iraq War in 2003. A unipolar period may have existed from 1991 to 2003.

With historical hindsight, we can see that the world is now returning to a balance-of-power system. Following the emergence of new

powers and new States, we find ourselves in a multipolar configuration anchored by the US, China, Russia and India. At the same time, other powers are taking their place at the regional level, including Brazil, South Africa and Nigeria. In the Middle East, achieving balance is extremely complicated, given the struggle for regional domination between Saudi Arabia and Iran. The world is nowhere near at peace. The big question is whether the international system will remain multipolar or if we will move towards a newly bipolar order between the US and China. It is apparent that there is still no real place for confederal or federal systems at the global level for the time being.

How does the European Union fit into all this? Could it evolve into a major player in the new international system? This is an extremely important question for Europeans and for the international order to come, because Europe has liberal democratic values and a social market economy that are uncommon in other parts of the world. But individual European countries tend to want to maintain their respective foreign policy, which leads to fragmentation on the international stage. So the real question is: will Europe emerge someday as a solid international player?

2. The Vienna peace settlement (1815)

Ending three centuries of warfare

Europe experienced three centuries of nearly constant warfare. It began with the conflicts among great powers fuelled by the hegemonic ambitions of Charles V, who became King of Spain in 1516 and Holy Roman Emperor in 1519. Over time, France emerged as the great power on the continent and Russia gained in stature, beginning with the reign of Peter the Great. In Central Europe,

Prussia was coming into its own. The Habsburg Empire in Austria was in the heart of Europe, but the exercise of global power was now shifting from the continent to the seas. The powers that developed their naval forces formed great colonial empires and used the resulting wealth to expand their international trade. Spain and Portugal were the first global powers to colonise the world. They were rivalled later by the Dutch Republic – the future Netherlands – and, crucially, by England. The Vienna peace settlement, in 1815, took place after nearly three centuries of successive wars, in which the various powers aimed to cement their own hegemony or counter that of others.

The Congress of Vienna was convened to put an end to all of these wars. Aware of the fact that force and power derived from various factors – such as geographical size, population size, natural resources, access to the seas and diplomatic prowess – leaders at the time agreed to redraw the political map of Europe in search of a better balance of power.

Five major powers

Five major powers emerged from the Congress of Vienna in 1815: Russia, the United Kingdom, France, Austria and Prussia. Russia was the dominant military power on the continent. The United Kingdom was the dominant sea power, between its merchant navy and its naval force; it was also the country with the largest colonial empire at the time. France, which had been such a troublemaker, saw its power curtailed so that it would no longer be a threat; yet it remained a major power, as the other countries had no intention of destroying or humiliating it. The Austrian Empire and Prussia held sway over Central Europe. Prussia had gained prominence through its historical rivalry with Austria and the Habsburgs; it may have been the weakest of the five great powers at that point, but it was on the rise and, as we will see, crucial to German unification.

A balanced distribution of power

The five great powers were nearly equal in strength; none of them was in a position to conquer any of the others. The Vienna peace settlement sought to make wars of hegemony a thing of the past in Europe. And it worked: apart from the 17-year period mentioned above, the major European powers enjoyed nearly a century of peace.

3. The European system from 1815 to 1914

The Concert of Europe and lasting peace among the great powers (1815–1854)

Europe enjoyed its first stretch of uninterrupted peace in the 19th century, between 1815 and 1854. This period corresponded to the Concert of Europe, where the great powers agreed to maintain a balance of power. Peace was maintained despite the revolutions of 1830 and 1848.

International anarchy (1854–1871)

From 1854 to 1871, five wars involving the great powers marked a period of international anarchy. First came the Crimean War, which pitted France and the United Kingdom against Russia. Next came the war that resulted in Italian unification, where France squared off against Austria in defence of the Italian cause; Italy was almost completely unified by 1861, finally bringing Rome to heel in 1870. The Prussians and Austrians then took up arms against the Danish. Subsequently, in 1866, Prussia humiliated Austria in a war that gave rise to the Austro-Hungarian Empire in 1867 and cemented Prussia's position as a growing continental power. In this series of wars, Prussia and the other German states collided head on with France. The Franco-Prussian war, in

1870 and 1871, ended in a humiliating peace for France under the Treaty of Frankfurt and served as a catalyst for German unification under the Prussian banner; the King of Prussia was crowned German emperor in 1871. Adding insult to injury, the German Empire was proclaimed in the Hall of Mirrors in the Palace of Versailles – a site closely associated with King Louis XIV's expansionist ambitions.

France resented the Treaty of Frankfurt and could not swallow its defeat or the new international order. A wave of nationalism swept Europe, in a break from the prevailing sentiment of 1815. France was not spared, and the French people took due note of the loss of Alsace and Lorraine, which were annexed by the German Empire. In 1871, France was a diminished power that, in response to unfavourable developments, took a decidedly revisionist turn.

The Bismarckian system (1871–1890)

Prussian Chancellor Otto von Bismarck, who took over as president of the Prussian government in 1862, became chancellor of a unified Germany in 1871. He held onto power for nearly 30 years, until 1890. The new chancellor was a German nationalist and pursued conservative policies from 1871, although he nevertheless adopted a number of social policies domestically. He was intent on maintaining both the international order and the European order that France rejected, and he sought to create a broad conservative alliance in order to isolate France and prevent it from forming new coalitions. Bismarck was thus very active on the diplomatic front, entering into a series of agreements that brought together all of the major powers except France: Germany, Austria, Russia, the United Kingdom and recently unified Italy. This meant that five of Europe's six major powers in the 1870s and 1880s were linked by alliances, with Germany as the linchpin.

This alliance system was completed in 1887 but lasted for only three years. The new emperor, Wilhelm II, was clearly more autocratic

than liberal. He clashed with the chancellor and dismissed him in 1890, sweeping away Bismarck's diplomatic achievements and upending the alliance system.

A shift towards polarisation (1890–1914)

Between 1890 and 1907, two diplomatic blocs came to the fore in Europe. The emerging polarisation was, consequently, diplomatic rather than military.

On one side stood the Triple Entente, which brought together France, Russia and the United Kingdom. In the 1890s, France had managed to make Russia its ally after prying it away from Germany. Then in 1904 came the Entente Cordiale between France and the United Kingdom, followed in 1907 by an alliance between Russia and the United Kingdom that overcame significant disputes.

In the end, only Germany, Austria-Hungary and Italy were left in Bismarck's old alliance, forming the Triple Alliance. Under Emperor Wilhelm II's leadership, Germany's foreign policy took a new direction. Bismarck's vision was conservative and limited to Europe; he did not wish to create a colonial empire or to turn his country into a maritime power. Wilhelm II, however, had no use for this European vision, preferring to advance his own world policy, or *Weltpolitik*. He felt that Germany was entitled to a place of prominence alongside the United Kingdom and France, and that his country should set up its own colonial empire. As a result of his global ambitions, the scope of the international system expanded to cover the entire world.

That is when the European system became the international system. The powers that found themselves on the wrong end of Germany's *Weltpolitik* joined forces and, between 1907 and 1914, the international system hardened into two opposing political and military blocs. What was once a multipolar international system had become a bipolar one between the Triple Entente and the Triple Alliance.

The crisis of July 1914 was the spark that set Europe on fire. The two blocs already had their frictions, as was apparent in the dissolution of the Ottoman Empire, as well as Germany's ambitions in North Africa. In July 1914, a disastrous series of events was set in motion, leading to the First World War. It was on 28 June 1914 that Archduke Franz Ferdinand, heir to the Austro-Hungarian throne, and his wife were assassinated in Sarajevo. It might have been just one more Balkan crisis, but it led to a world war.

Since Serbian nationalist forces were behind the Sarajevo assassination, Austria responded by attacking Serbia. But since Serbia had allied with Russia, Austria soon clashed with Russia. Germany eventually joined the fray on its ally Austria's side, while France joined forces with its ally Russia against the Central Powers. Germany then attacked France, disregarding Belgium's neutrality – which had been guaranteed by the great powers. The British Empire, unwilling to overlook that misstep, entered the war. These successive declarations of war, in July and August 1914, set Europe ablaze.

The bipolar system, with the Triple Entente and the Triple Alliance, was broadly unstable. Europe in 1914 was in disarray. First, the States of the Triple Entente and of the Triple Alliance had not clearly identified zones of influence based on their overwhelming interests. In the Balkans, for example, which had been independent since the Ottoman Empire had begun to decline, various great powers were competing for conflicting goals. In addition, the Triple Alliance could not avert a gradual loss in power. Germany was the dominant power at the heart of the European continent, but Russia possessed extensive resources. It may still have lagged behind politically, socially and economically, but Russia was putting in place a rail system and quickly building up its manufacturing sector. Germany saw that Russia was just beginning to tap into its enormous potential and was convinced that it was only a matter of time before the two countries would come to fierce blows.

Another problem lay in the fact that the two blocs were not deterred by the perception that they were equally powerful, or

nearly so. Germany had the misfortune of being wedged between France and the United Kingdom on one side and Russia on the other. It would have faced very long odds fighting a two-front war. The strategy it adopted – the Schlieffen Plan – involved advancing very quickly westward, decimating France, reaching agreement with the British, and then turning all its forces eastward towards Russia. Germany believed it could execute a lightning war. The general sentiment in the capitals in the summer of 1914 was that the war would be short and that the soldiers would be home for Christmas. If decision-makers had an inkling of what was to come, they would almost certainly have thought twice before going to war.

4. Economic Europe before 1914

Gold standard monetary system: fact and fiction

There is much confusion surrounding the gold standard as the basis of the international monetary system. Let us try to quickly separate fact from the many fictions.

The gold standard was adopted in the 1870s. In this system, a precious metal – gold – served as the foundation for the monetary system both internationally and domestically. Gold was the basis for trade, first between people within a country and then between the countries that participated in the international monetary system at the time. Under this system, individual banks could issue their own banknotes, as central banks with the exclusive authority to issue banknotes did not yet exist. What is notable is that people could exchange these banknotes for gold at the bank, which meant that these banknotes were essentially a promissory note for gold. Sometimes gold was used as a medium of exchange; the Swiss government, for example, minted gold coins worth 10, 20 and, to a lesser extent, 100 francs, which people used for their personal transactions.

This was an open monetary system. If a country had a balance of payments surplus, that meant it had a net inflow of gold; the opposite was true for a balance of payments deficit. When gold flowed out of a country, the money supply would shrink and cause deflation – a general decline in both prices and wages. This would trigger a recession, or even a depression, and drive up unemployment.

Since the monetary system was open, with gold flowing freely between countries, European currencies traded at fixed rates: it was the gold equivalent that counted. That kept countries from engaging in reckless behaviour and encouraged them to limit the outflow of gold, which led to punishing domestic adjustments.

People and governments were subject to the cold logic of the gold standard – something that would be unthinkable in this day and age. And it is true that, by the end of the First World War, economic thought had already moved on. The heyday of the gold standard system was before 1914. Still, many countries sought to return to the gold standard in the 1920s; circumstances had changed considerably, however, and this resulted in widespread economic ills. Economic thinking was behind the times.

Expanding trade

Before the First World War, a fierce battle was waged between protectionists and free-trade advocates. This battle of economic ideas escalated into one of national interests, setting the stage for outright hostilities among countries.

The 1840s was a watershed period, with the controversy over the Corn Laws, which was a series of mercantilist measures applied to grain growers in the United Kingdom. Prior to that time, the United Kingdom of Great Britain and Ireland was protectionist. It was natural enough to want to defend against foreign competition. The UK was the world's leading manufacturer at the time, but its domestic farming sector enjoyed no comparative advantage and was thus a significant drag on the economy. The country's

leaders saw the solution in importing much of the food needed to feed the population. Manufacturers and the working class agreed, as they sought to make the most of the UK's comparative advantage in the industrial sector and specialise in its most competitive aspect. But the introduction of free trade was clearly a threat for the farming lobby and landowners, who would see a sharp drop in land rents and the number of farming tenants.

This domestic discord led to serious clashes. Free-trade advocates ultimately carried the day and, with the repeal of the Corn Laws in 1846, the UK found itself at the forefront of a new trend. Through a series of bilateral agreements, European countries gradually opened their markets through the mid-1860s.

In the 1870s, however, Europe experienced another surge of broadly protectionist sentiment as it entered into a period of economic downturn that lasted until the turn of the century. While protectionist groups gained influence, borders were not completely closed off. What's more, at a time when free-trade policies were coming under pressure, the international gold standard became dominant. One could say that Europe was already developing a common market.

That success led some to sugar-coat that period, considering it a golden age for the European economy. There were indeed a number of positive aspects, such as stable currencies and international monetary equilibrium. But the domestic consequences of this system could be significant and brutal, with extremely serious recessions.

In pre-1914 Europe, people could travel between countries quite freely, although border controls stiffened as soon as the war broke out. Thanks to the gold standard, both goods and capital could also circulate quite freely. At that time, services were not a significant component of the economy. And unlike the present day, there was no multilateral and supranational institutional framework to speak of. The economic system, based on a group of bilateral

agreements, was in fact fragile. It was no match for rising nationalism, an increasingly rigid international system and the fallout from the world wars.

5. The First World War (1914–1918)

European war, global war

At the time, Europe was at the centre of the world and its conflicts turned into a global war. It started with the outbreak of hostilities in 1914 between the Triple Entente and the Triple Alliance. The latter quickly evolved into an alliance between just Germany and the Austro-Hungarian Empire, after Italy refused to respect its treaty obligations in 1914. Lured by the benefits proffered by the Triple Entente, Italy eventually entered the war on that side in 1915.

By the time the war broke out, nationalism had been on the rise for several decades. Nationalism refers to the cult of the nation and hatred towards others. The term Social Darwinism could also be applied to this era, when many people applied Darwin's theories on the struggle between species to the international order of nations. Some thinkers fitted the struggle for power between States within such a framework. In these wars, the survival of individual nations was at stake. The First World War was viewed in this light: countries saw a need to mobilise and win the war very quickly, and each side was certain of a speedy victory. There was also a dearth of leadership at this point.

New weapons, such as tanks, military planes and chemical weapons, appeared in the First World War. And the war had a heavy toll: around ten million dead – over half of whom were civilians – along with those left with physical or psychological wounds. One could say that the First World War changed the collective unconscious. When the fighting broke out, people expected a short war,

but that is not what happened. The two sides got bogged down in the conflict, and their soldiers spent several years in horrific conditions. Perhaps the most telling, and absurd, example was the Battle of Verdun in 1916: it lasted for ten months, yet neither the French nor the Germans were able to break through. This had a profound impact on the collective unconscious.

The First World War swept away any form of balance existing at the political, economic, social and cultural levels, as well as any balance that had been achieved in terms of international values. With the further destruction wrought by the Second World War, the first part of the 20th century wiped the slate clean. In the second half of the century, the architects of a unified Europe were guided by what had been destroyed in the first half of the century. Their aim was to restore peace and prosperity in Europe and guarantee peoples' freedom. European integration was a direct consequence of the unravelling that took place in the first half of the 20th century.

The First World War also gave States a significantly larger role and weight in the economic system, and these were further bolstered during the Second World War. These wars gave impetus to the emergence of national economies. The wars were a money pit, and States paid for them by borrowing, raising taxes, inflating their currency and monetising their debt: States effectively printed money until their currencies were worthless and they still levied taxes. Debt monetisation caused their money supply to swell, and this led to inflation or, in some cases, hyperinflation.

By extracting so much money from their people, States caused a sort of collective bankruptcy and completely undermined their currencies. Not only did this weigh on people's ability to engage in commerce, but it also prevented them from building up any savings that they could pass along to the next generation. The disruptions caused by hyperinflation pulled the rug out from under the middle class, triggering social imbalances and discord. This vicious circle stretched from the First World War to the Second World War, at the end of which Europeans sought a way out.

Problems at the end of the First World War

Wars always lead to chaos and upheaval. Nowhere was this truer than in Russia. Until early 1917, Russia had been an autocratic empire led by a tsar. The country began to industrialise rapidly at the end of the 19th century. Yet its economy lagged behind, as it continued to depend largely on natural resources and suffered from an outdated social and political structure. The war laid waste to that structure.

Russia's governing structure began to change in March 1917 when the tsar abdicated and a republic was proclaimed. Then came the events now known as the October Revolution, even though they took place in November². Rather than being a revolution, it was really a coup d'état carried out by a far-left political faction, the Bolsheviks, under the revolutionary leader Vladimir Ilyich Lenin. Once in power, the Bolsheviks sought to live up to their promises by securing peace and feeding the people. Russia exited the war by signing an armistice – the Treaty of Brest-Litovsk – with Germany in March 1918.

Germany then sued for peace with the Allies. That armistice took effect on 11 November 1918, bringing the First World War to an end. The war had its winners and losers. The former were France, the United Kingdom, Italy (after changing sides in 1915) and the United States, which entered the war in 1917. The latter were Germany, Austria-Hungary, Turkey and Bulgaria. Russia had pulled out of the war.

A crucial point is that Germany requested an armistice but never actually capitulated. That would have meant abandoning the fight and surrendering unconditionally to the opposing side. By suing for peace, Germany's Second Reich avoided total collapse and an invasion of its homeland.

² October 1917 in the Julian calendar, which Russia still used at the time, corresponds to November 1917 in the Gregorian calendar, which the West was using.

6. The 1919 peace conference

The peace settlement consisted of five separate peace treaties, including the Treaty of Versailles with Germany. The negotiations centred on how to treat Germany, and the Treaty of Versailles was a bad compromise. Although greatly weakened, France was the big winner. Holding the treaty conference in Paris was symbolically important for the French, who still felt the sting of humiliation from their defeat in the Franco-Prussian War of 1870–71.

Disagreements among the Allies complicated their treaty goal of preventing future wars from taking place on the European continent. The French took an especially hard line on the peace negotiations. The French saw a need to impose punitive conditions on Germany. The UK and the United States were more flexible. These conflicting objectives are apparent in the treaty, which was a misbegotten compromise between the two sides.

The main problem was that the treaty humiliated Germany. It formally stated that Germany was guilty of starting the war, and it stripped the country of some of its territory. Most of this land, in the east, was used to resurrect Poland. Germany also lost Alsace-Lorraine in the west. The country's surface area fell from 540,000 to 474,000 square kilometres. Some of the clauses in the Treaty of Versailles were a slap in the face for Germany, including the requirements to limit the size of its army to 100,000 men and to give up its air force. All territory west of the Rhine had to be demilitarised, and Germany had to pay enormous reparations to the Allies.

The harsh terms of the Treaty of Versailles outraged Germany but did not render it impotent. It was the worst possible solution. In 1919, Germany was actually much stronger territorially than it had been before the First World War. Central and Eastern Europe were fragmented, and new States had appeared, including the Balkan States, Poland and Czechoslovakia. Hungary had lost two thirds of its territory. Romania, however, was on the winning side and

grew in size. Not only were there more States in Central and Eastern Europe, but the region was also more fragmented than before, meaning Germany was in a better long-term geopolitical position. Germany had been simultaneously hobbled and made vindictive by the Treaty of Versailles. It was down, but not out.

With the end of the First World War came the end of empires. Germany had been an empire but proclaimed itself a republic in November 1918. Austria-Hungary was dissolved, marking the end of the Habsburg monarchy. The Russian Empire ceased to exist in 1917. The Ottoman Empire too met its demise amid the tumult. Turkey, however, under the leadership of Mustafa Kemal, also known as Atatürk, took up arms in order to modify the terms of peace set out in the Treaty of Sèvres in 1920. This conflict ended in 1923 with the Treaty of Lausanne, with much more favourable terms for Turkey, which became a republic.

The end of these many empires was accompanied by significant political and social upheaval.

7. The international system in the interwar period

Between 1919 and 1939, the five treaties hammered out at the Paris Peace Conference resulted in a new European and international order. But that order lasted for barely 20 years. The idea of collective security, advanced by US President Woodrow Wilson, quickly showed its limits. Wilson, a firm believer in self-determination, was convinced that States would be naturally drawn to the League of Nations, a new international organisation meant to prevent future wars. It was based on the premise that all States in the world would support one another against an aggressor, thereby preventing aggression. But the League of Nations was an extremely weak body because it was purely intergovernmental, with absolute veto

power. Unanimity was required, which meant that major, constructive decisions about peace and war around the world were difficult to achieve.

In addition, a number of important States did not join the League. Soviet Russia – or the Union of Soviet Social Republics (USSR) from 1922 – was one of them. It represented evil incarnate for capitalist countries, which viewed the communist model as a threat. Some League members sought to ostracise Soviet Russia, such as by funding attempts at insurrection. It was not until 1934 that Russia was finally invited to join the League.

The League of Nations faced another major obstacle when the United States, the great power behind the new international order embodied by the League of Nations, withdrew from the European system in 1920. President Wilson, a Democrat, ran up against the isolationist sentiment of a Republican-controlled Senate. The US did not intervene in another European conflict until 1941. Germany, which was blamed for the First World War, was also left out. It joined the League in 1926 but then withdrew in 1933 after the National Socialist party came to power.

During the 1920s, European politics nevertheless became increasingly stable. The Locarno Treaties, signed in 1925, marked the start of Germany's gradual return to the Concert of Europe. It accepted its western borders, but not its eastern borders, paving the way for its entry into the League of Nations the following year. Germany's reparation payments were also reduced.

The First World War was followed by a period marked by virulent ideologies: communism and fascism. Benito Mussolini came to power in Italy in 1922. And in 1933, the National Socialists gained absolute control over Germany. The international order set out by the Treaty of Versailles would soon come undone.

8. Two leading European figures during the interwar period

The First World War was a calamity for States – their societies, political systems and economies – and for the international order. But this dramatic event also gave rise to new ideas. Many intellectuals believed that something had to be done to prevent future wars.

Count Richard von Coudenhove-Kalergi shared this view. He was the son of an Austro-Hungarian diplomat and a Japanese mother, and he lived from 1894 to 1972. He came to public attention in 1922 when he called for unity in Europe, and in 1923 he published the book *Pan-Europe*. He was the intellectual forebear and standard-bearer of the concept of European unity.

Another prominent figure in this regard was French politician Aristide Briand, who took Coudenhove-Kalergi's message to heart. On 5 September 1929, Briand made a now-famous speech in front of the League of Nations. In it, the French foreign minister proposed a "federal link" in Europe. He pondered the question of how such a link could be established among European States without challenging their national sovereignty. His ideas were overtaken by events, however, as his speech came just weeks before the stock market crash of 1929.

Briand's ideas were inherently incompatible. Any supranational or federal dimension, even in an essentially intergovernmental system, would come at the expense of States' traditional sovereignty.

The concept of federalism nevertheless managed to gain traction in the UK before the Second World War. And that concept was a powerful source of inspiration for three important Italian figures, writers Altiero Spinelli, Ernesto Rossi and Eugenio Colorni, during that war. These dissidents of Mussolini's government were imprisoned on Ventotene, a small island off the coast of Naples. There they wrote what was later called the *Ventotene Manifesto*,

which spread far and wide after the Second World War. In their manifesto, they advanced the merits of a federal model in Europe, a sort of United States of Europe derived from the American model.

These federal impulses proliferated between the two world wars and gained real momentum during the Second World War. They were widely promoted by numerous resistance movements and took hold in the aftermath of that war.

9. Economic issues between the wars

Return of the gold standard

States were intent on reviving the international and domestic gold standard monetary system that was in place until 1914. Exchange rates under this system were fixed, and governments associated that with internal and external monetary stability. They hoped that this system would provide a foundation for renewed economic prosperity. In the 1920s, just after the war, the monetary system was out of control, with hyperinflation and wildly deflationary monetary policy. Yet the gold standard was widely restored in 1925-26.

Hyperinflation in Germany was very high in 1922 and 1923, and the currency's purchasing power was eroding very quickly. The country's central bank could not even print money fast enough to keep up. The situation reached a point where banknotes were simply stamped to show their new value: a 1,000-mark banknote would be stamped with three more zeroes, turning it instantly into a million marks.

The return of the gold standard set the tone for economic policy. These were not simply technical decisions; they defined the ways in which the State implemented its monetary policy and its

economic policy more broadly. The cost of attaining equilibrium was understood to be deflation, mass unemployment, austerity and recessionary conditions. This desire to restore the order prevailing before the First World War implied widespread suffering for the people of Europe.

The roots of the Great Depression of the 1930s

In the 1920s, stock markets had taken on great importance for capitalism. In October 1929, Wall Street crashed. But the widespread depression that followed cannot be attributed directly to this crash. For US economist Peter Temin, the real problem at the end of the 1920s was the deflationary bias of States' economic policies. Under the gold standard, it was thought that gold served as an anchor for domestic and international monetary systems and that economies should be allowed to self-regulate and adapt on their own.

It was only gradually, and at their own pace, that States became aware of these factors. They modified their economic policies step by step and, by setting aside classical liberal economic policies, States were able to emerge from the Great Depression. Economies also got a boost from massive rearmament in the 1930s.

The UK was the first to give up the gold standard, in 1931, and experienced a less severe recession than other countries. Major political changes in both Germany and the United States also came into play. Democrat Franklin D. Roosevelt was elected US president in November 1932 and took office on 4 March 1933, putting an end to years of inaction by the Republican administration of President Herbert Hoover. Roosevelt aimed to significantly expand the role of the State in the economy.

In Germany, Adolf Hitler became chancellor of the Reich on 30 January 1933, and the National Socialists, like the Americans, gave up the gold standard and asserted control over the domestic economy. It took France until 1936 to make that move.

States began to adopt a more assertive economic policy after withdrawing from the gold standard and increasing government outlays through public works projects and rearmament efforts. The situation gradually improved until the Second World War broke out.

10. The Second World War (1939–1945)

Chronology of war declarations

The Second World War is generally considered to have begun in 1939. It became a world war in 1941, when the Soviet Union and the United States joined the fray. Fighting in Europe began when Nazi Germany invaded Poland on 1 September 1939 after a series of provocations by German Chancellor Adolf Hitler. These included rearming Germany, occupying the demilitarised Rhineland in 1936, annexing Austria in 1938, and threatening Czechoslovakia's territorial integrity that same year. A high-level conference was held in Munich in September 1938, where French and British leaders offered concessions and agreed to the first step in the breaking up of Czechoslovakia. The Munich conference was hailed as a major success, as it prevented war. In reality, it only pushed war back by a few months. France and the United Kingdom, so intent on avoiding war, naively played into Nazi Germany's hands.

Yet these two countries intended to safeguard Poland's integrity and were ready to declare war to do just that. And so it was, in September 1939, after Germany invaded Poland, that France and the United Kingdom declared war. Militarily, however, nothing happened. This was called the Phoney War. No troops were moved. And to make matters worse, an utterly unnatural alliance was formed when Nazi Germany and the USSR under Stalin signed a non-aggression pact on 23 August 1939.

The Soviets' official line was that they had to buy time given the West's failure to act. The truth was that, under a secret protocol annexed to the non-aggression pact, Germany and the USSR planned to divide up Central and Eastern Europe between themselves. That freed Adolf Hitler to focus his attack on the West. Germany invaded France on 10 May 1940 and, after a lightning war, the two countries signed an armistice on 22 June. In 1940–41, Germany established hegemony over the European continent.

Germany went on to invade the USSR in June 1941, bringing that country into the war. Then in December 1941, the Japanese attacked the United States, bombarding its fleet at Pearl Harbor, Hawaii. The US immediately declared war on the Japanese empire. Germany, which had allied with Japan, then declared war on the US.

Some 60 million people died in the Second World War, including six million in the Holocaust, the most heinous of crimes. A number of advances in war technology also took place during the war, such as the development of radar, missiles and the notorious atomic bomb, which was used for the first time in 1945 by the US against Japan.

A second Thirty Years' War?

The two world wars could be linked and considered a second Thirty Years' War, in reference to the 17th-century European conflict that lasted from 1618 to 1648. It is clear that the First World War did not automatically, directly and inevitably lead to the Second World War – the widespread political, ideological, economic and social upheaval of the 1930s also had much to do with it. But the flaws in the Paris Peace Conference in 1919 cannot be overlooked. In a way, the faulty peace agreement following the First World War sowed the seeds of the Second World War.

The 1914–1945 period may be viewed as the era of Europe's civil wars, which evolved into world wars as a result of Europe's global

role. In a way, Europe succumbed to its suicidal tendencies, hitting rock bottom in 1945. That became “year zero”, when the continent was on its knees and everything needed to be rebuilt. For centuries, starting with the age of discovery, Europe had dominated the world. It set the pace for the world for over 400 years. That ended in 1945.

Going further, Europe’s imperial powers dissolved and its colonial empires collapsed after the Second World War. The dominant powers after 1945 were the United States on one side and the Soviet Union on the other.

Chapter 2: Europe after the Second World War: division and reconstruction, 1945-1950



US President Harry Truman signing the North Atlantic Treaty surrounded by European ambassadors, 1949.

1. Immediate post-war Europe

When the war ended in 1945, Europe was in tatters. The war had been a six-year-long nightmare. The horror of the concentration camps had come to light. The death of so many children, women, men and elderly people left an indelible stain on the continent known for the Renaissance, the Age of Discovery and the Enlightenment. Europe had brought the world together and exported its model. This continent of art, culture and all that was best had shown that it also harboured all that was worst.

The war caused untold material destruction. Manufacturing capacity was lost, raw materials were in short supply, energy resources were lacking, and communication networks were largely destroyed. The war had ended, but that did not mean that life would suddenly become easy for Europeans. The continent continued to be plagued by poverty and hunger in the post-war years. Systems for rationing food and other essential items, which had been put in place at the start of the war, remained in place for several years after it ended. France did not recover from these ills until 1949, while the United Kingdom – one of the great victors – did not recover until 1953. The outlook for the people of Europe was sombre not just economically, but also socially, politically and culturally.

2. The Yalta and Potsdam Conferences

A conference was held in February 1945 in the coastal city of Yalta on the Crimean Peninsula. The war would drag on for nearly three more months, but for all intents and purposes it was over. Attendees included US President Franklin D. Roosevelt, Joseph Stalin, who was secretary-general of the Communist Party and all-powerful dictator of the USSR, and Winston S. Churchill, prime minister of the United Kingdom of Great Britain and Northern Ireland. This wartime conference was highly scrutinised. It

featured ambiguities and even subterfuge, with Stalin alluding to the possibility of free elections in Central and Eastern Europe, which never took place.

A second conference, this time in a castle in Potsdam, outside Berlin, happened several months later, in July 1945. Germany had already surrendered unconditionally two months previously. The participants were not all the same. Stalin, the Soviet dictator who remained in power until his death in 1953, was there, but Harry S. Truman was the new US president. And it was during the Potsdam Conference that Winston Churchill and his party were unexpectedly defeated in the general election in the United Kingdom. And so it was his successor, the Labour leader Clement Attlee, who took his seat in Potsdam. All eyes were focused ever more closely on this Conference, which would determine the new European order and the new international order.

3. A new international order emerges

After 1945, a new international order came into being. It was not a coordinated system, organised among the Allies. It was shaped by actions and reactions on both sides. In lieu of the international order that the United States, the USSR or the United Kingdom might have hoped for, it was a bipolar one between two superpowers, the US and the USSR.

Europe, and much of the rest of the world, enjoyed peace under this bipolar system, which lasted until the Soviet Union came to an end in 1991. Peace, in this instance, meant that there was no direct conflict between the great powers. A number of proxy wars nevertheless took place, which meant that the post-1945 world was not completely peaceful. But in terms of periods of peace among great powers, this one rivalled in length those of the 19th century.

4. The United Nations

The United Nations (UN) formed the core of the new international system, in replacement of the League of Nations. By creating the UN, the States in their post-war configuration acknowledged that the League had not lived up to its potential. It could be credited with a number of achievements, but it could not be dissociated from the rise in extremism and the inexorable march towards war in the 1930s. One problem was that the great powers did not play a big enough role in the League. So the real breakthrough for the global powers was the Security Council, which has had a varying number of members over time but always five permanent members, i.e. the great powers that led the international order after 1945. These are the United States, the USSR, the United Kingdom, France and China³. The five permanent members were also given individual veto power within the Security Council. This right was not granted to the other, non-permanent members.

The obvious problem with this arrangement is that one dissenting power could block the Security Council's work. In terms of governance models, the League of Nations had been designed along confederal lines, meaning it was intergovernmental and every country had veto power; the UN is more of a directorial system, with a directorate consisting of the great powers able to guarantee world peace. In such a system, every single country does not have the power to block the organisation's dealings, although each great power does. And that is what happened during the Cold War: the Soviets, by wielding their veto power, often prevented the UN from taking action. That did not change until the first Gulf War.

The animosity between East and West meant that the UN could not fulfil the ambitions it embodied when it was founded. What evolved was a bilateral system based on a balance of power between the two superpowers, the United States and the USSR, which were

³ The People's Republic of China did not take its seat until 1971.

diametrically opposed not only ideologically, but also economically and geopolitically. The massive destructive power of atomic weapons that hung over the post-war world also served to deter military adventures. Under this system, the international order was set in stone and the two superpowers were forced to behave. This risk of catastrophic war was actually a significant guarantor of peace.

5. Roosevelt and Truman's respective policies

In the United States, the transition from Franklin D. Roosevelt to Harry S. Truman marked a real change. Roosevelt, a Democrat from the New York establishment, had inherited a number of liberal values that came from people such as President Wilson during the First World War. In 1945, Roosevelt still believed that the US would repatriate some six million GIs located around the world. He also thought that the great powers would come together and establish a new world order rooted in the UN.

But Roosevelt made two miscalculations:

- 1) He did not realise the toll that the war had taken on his Western European allies, the United Kingdom and France. Roosevelt was also at serious odds with de Gaulle's Free France. In his eyes, de Gaulle lacked legitimacy and was a would-be dictator. His distrust of Free France was such that he did all he could to sideline de Gaulle. And Roosevelt's very good relationship with Churchill's United Kingdom was nevertheless marred by various points of contention, which included the colonial question.
- 2) Roosevelt misjudged the expectations and role of Stalin and the Soviet Union, which, like a besieged fortress, was intent on preserving both the economic and political dimensions of its communist system. Stalin was an all-powerful and bloodthirsty dictator, no less absolute than Adolf Hitler. Yet one can imagine that the USSR was motivated primarily by the desire to defend

itself from outside aggression. At the same time, the West saw the USSR as a threatening, offensive power that very much undermined world peace.

President Roosevelt died, exhausted, at the start of his fourth term in April 1945. As set out in the US constitution, his vice president – Harry S. Truman – took over. Truman had only served as vice president for three months. He had no foreign policy experience, and Roosevelt did not keep him apprised of major US foreign policy or security issues. For example, before becoming president, Truman had no idea of the top-secret plan to build atomic bombs. He only learnt about it when he moved into the Oval Office.

6. The Iron Curtain

The emerging Cold War was symbolised by what Winston Churchill called the Iron Curtain, which gradually found its place between East and West. In March 1947, President Harry S. Truman gave an important speech to the US Congress. In it, he set out the policy of containment, which came to be known as the Truman doctrine. This policy formalised the United States' firm intention to remain in Europe, marking a break with prevailing ideas in the immediate post-war period. In a very practical move, the US took over for the United Kingdom, which was on the verge of financial ruin, in supporting Greece and Turkey's efforts to oppose the communist movements that threatened to topple those countries' governments.

From that point onward, the West aimed to hold firm at all costs and prevent the Soviets from expanding their influence. In 1947, several months after Truman announced his policy, the European Recovery Programme was developed by US Secretary of State George C. Marshall, a career officer who had served as chief of staff of the US army during the Second World War. This programme,

better known as the Marshall Plan, was a large-scale reconstruction effort designed to give Europe an economic boost, although it had political ramifications as well.

7. The economic situation in post-war Europe

At the end of the Second World War, Europe suffered from a multitude of economic problems. These included disruptions in the supply of both raw materials and energy, and transport problems that effectively paralysed the economy – even though the continent’s infrastructure had been destroyed to only a limited extent. This undermined the export capacity of these countries, whose economies contracted. In the absence of a multilateral framework, the immediate post-war period came to be marked by bilateral economic relations between countries.

The bilateral arrangement stemmed from the fact that there was no multilateral clearing mechanism whereby one country could use a trade surplus with another country to offset a deficit with a third country. This bilateral shackle constrained trading volumes, because a country carrying a trade deficit had to limit its imports from countries carrying a surplus.

European countries also faced massive problems with their currencies, which were weak and non-convertible. They also experienced a dollar gap. The US dollar was the currency that all European countries dreamt of holding because, unlike their own, weak currencies, it had real purchasing power. Their money supply subsequently lost value, triggering strong inflationary pressure.

The Marshall Plan, which provided aid to European countries, was worth around US\$ 13 billion at the time and stretched over four years. This support enabled Europeans to purchase much-needed goods and raw materials from the US. The Marshall Plan, therefore, also boosted economic output in the US, which was a plus for that country. There was a fear that the US economy would have

trouble converting to peacetime production after running at full capacity during the war, turning out huge quantities of weapons. It would be hard to manage this transition. This aid programme thus served two purposes, providing European countries with economic stimulus and facilitating the United States’ transition to a peacetime economy.

These purchases from the US helped European countries to make up for various shortages, rebuild the European economy, acquire much-needed raw materials and set the stage for economic growth in Europe.

The US aimed to lend a helping hand but was of course not acting out of pure altruism. In helping others you help yourself – there is nothing illogical or abnormal in that. A country cannot be expected to act against its own interests. The US was able to provide these resources: in 1945, the US economy accounted for 50% of the world’s gross domestic product. Its economy was intact. The human toll it suffered was heavy, but was much less than that of its allies. The end of the Second World War gave the US a lasting role and influence in Europe, one that remains substantial in the present day.

8. The Organisation for European Economic Co-operation

The United States’ aid programme came with several strings attached. And while the Americans set the terms of the programme for Europe, these terms were also to Europe’s advantage. One condition was that Europeans had to come up with economic development plans and work closely together to coordinate those plans. To help them achieve this, and to better coordinate its aid, the US prompted the Europeans to set up the Organisation for European Economic Co-operation (OEEC). This organisation was founded in 1948, with Frenchman Robert Marjolin, a close associate of Jean Monnet, as its secretary-general.

The OEEC fostered cooperation among European countries and administered the United States' aid. Requiring the Europeans to coordinate their economic programmes, at a time when they were turning inwards in their suffering and poverty, had a positive effect. It was thanks to the OEEC that, in 1948, European countries began to take the steps necessary to restore trade ties. This meant reducing quota restrictions and customs duties and taking measures to allow for currency convertibility. The OEEC was also behind the creation of the European Payments Union (EPU) in 1950, which would be instrumental in establishing normal monetary and trade relations.

9. The United States' economic influence in Europe

As a result of these close economic ties, Europe also imported a culture of productivity from the United States, which had made great strides in developing mass production to keep pace with mass consumption. The economic boom that Europe experienced in the 1950s, with the proliferation of mass-produced goods, had also begun earlier in the US. It would be fair to say that, by alleviating Europe's economic constraints, American aid also eased the social climate. But these measures, which were required to help Europeans and spur them forward, were not sufficient by themselves. Europe also had to decide to take action.

An important factor in all this was Keynesian thought. Classical liberal economics had been discredited by the Great Depression of the 1930s. For Keynes, however, the State had a significant role to play in stabilising the economy, in order to avoid excessive contractions and recessions. While the world moved on, Keynes' intellectual legacy had a lasting influence on economic policy.

Post-war Western Europe in fact embodied a paradox. In its foreign relations, it sought to restore the liberal international order that pre-dated the First World War. Yet it also understood that the

war had changed States and societies, and it was in the post-war world that the notion of the welfare State took hold, where the State was expected to tend to the economy and reduce inequality. This was at odds with the old, classical liberal dogma that held sway before the First World War and during the inter-war period, according to which the State's role in the economy was narrowly circumscribed and sometimes serious recessions were normal.

In the aftermath of the Second World War, many felt that the State could be instrumental in averting recessions and promoting employment and growth. Some inflation would simply have to be tolerated. Inflation had caused calamity, notably in Germany, which reacted by developing a model focused on containing inflation and maintaining price stability. But many other countries were able to put up with a certain amount of inflation. Europe experienced a 30-year golden age of unprecedented economic growth, lasting until the early 1970s.

Post-war France experienced an intense period of economic nationalisation. In 1945, Jean Monnet came up with an economic plan that he submitted to General de Gaulle, the head of France's provisional government. De Gaulle approved the plan and, in 1945, appointed Monnet as the first head of the country's General Planning Commission, where he would lead the country's effort to turn its economy around and modernise it. Monnet held this position until 1952.

One of the plan's underlying ideas was to bring the State, employers and trade unions to the same table, so that together they could forge a shared, long-term economic vision. This was predicated on a planning system. It was felt that if market forces alone were allowed to prevail, too many resources would be diverted to immediate consumption and not enough to capital investment – people would make quick work of scarce resources that were needed to create a solid foundation for long-term growth. But this goal would require investment and the development of durable sectors. This roadmap for France's economy, with its in-built flexibility, was a far cry from the dirigiste system employed by the Soviet

Union. As planning commissioner, Jean Monnet also played a key role in negotiating the loans that France received from the United States.

10. The post-war German question

The Marshall Plan was open to all European States, including those of Central and Eastern Europe. Communist regimes, under Soviet pressure, declined to participate. The East-West divide was widening, as was apparent in Germany. The Cold War had cleaved Europe in two, with Germany in the middle, divided between the Western powers and the USSR. Berlin itself, the former capital of the Reich, was carved up into four occupation zones: with the Soviets in the East and Western powers – the United States, the United Kingdom and France – in the West. It is impossible to fully understand post-war Europe without a firm grasp of the role that Germany played.

In 1948, the Western Allies, prompted by the US, decided to set up a State in their occupation zones. At the time, the US had a zone in the south, Britain was in the north and France was in the east. The plan was to introduce monetary reform, with the creation of the Deutsche Mark in June 1948, and then to quickly give these three zones a constitution. However, the Soviets rejected this decision because the Allied powers had agreed that they would all occupy Germany and decide on its future together. Furious, the Soviets responded by blockading Berlin in June 1948. They closed all land borders with West Berlin, turning the city into a Western enclave within the eastern zone. The only way in and out was by air. The Western powers set up an airlift to supply West Berlin and keep the city going. That situation lasted 11 months, until May 1949.

Stalin recognised the Western powers' intent to hold onto West Berlin at all costs and to mobilise the necessary resources. He did not want to trigger a war over that. Henceforth, Berlin symbolised the division within Germany, Europe and the world throughout

the Cold War. Berlin was also sadly famous for the wall that the Soviets built in 1961 to prevent East Germans from fleeing to the West. The Berlin Wall remained in place for nearly 30 years. When it came down on 9 November 1989, it was the decisive, although not the first, step towards the end of the Cold War in Europe.

11. The North Atlantic Treaty

In 1948, five Western countries – France, the United Kingdom, and the Benelux countries⁴ – still feared Germany. Although it was now divided and occupied, Germany had nevertheless been the Nazi power that had wreaked havoc in Europe until just three years earlier. The older generation also remembered the First World War. A lasting solution to this problem had to be found so that Europe could embark on an era of peace. This led to the signing of the Treaty of Brussels, a defensive alliance meant to guard against Germany.

That 1948 treaty, which brought together just five European countries and was aimed at Germany alone, led to a broader treaty the following year, the North Atlantic Treaty (or the Treaty of Washington). This latter treaty forged an alliance among the five signatories of the Treaty of Brussels plus five other European States – Italy and Portugal in the south, and Denmark, Norway and Iceland in the north – along with the United States and Canada. This North Atlantic alliance turned into a permanent military pact in which the signatories got involved in European affairs, partly in recognition that their own domestic security depended upon European security. This was revolutionary for the US, with its long isolationist tradition.

In subsequent years, the North Atlantic Treaty gave rise to an integrated political and military organisation aimed at implementing

⁴ Belgium, the Netherlands and Luxembourg.

the treaty. That became known as the North Atlantic Treaty Organization, or NATO. In 1952, NATO welcomed two new Western allies, Greece and Turkey, in its membership. But the German question remained.

12. New organisations in Western Europe

Another key event in 1948 was the Hague Congress, which drew hundreds of representatives from all Western countries. The conference was convened in order to discuss European unity, drawing on intellectual thought and growing momentum behind this idea in the inter-war period and during the Second World War. Several new organisations emerged from the Hague Congress, the most important being the Council of Europe, based in Strasbourg. Organisations of a different breed were also set up, including the College of Europe, in Bruges, which would train future European leaders, and the European Centre for Culture, in Geneva. In these organisations, federalists saw a great opportunity to promote federal solutions in Europe.

Some federalists went so far as to blame the misdeeds of the first half of the 20th century on the nation-state system itself. For them, the solution lay in doing away with States and creating a federal Europe consisting of regions. Many other people, however, felt that States were an intrinsic component of Europe and here to stay, and that the future could not be built without them. Federalist hopes were ultimately dashed. One current of thought was that of the unionists, led by the United Kingdom, who opposed the idea of creating a supranational organisation in Western Europe. They were amenable to a confederal solution, but not a federal one.

A very important treaty was signed under the auspices of the Council of Europe in 1950: the Convention for the Protection of Human Rights and Fundamental Freedoms, also known as the European Convention on Human Rights. It entered into force in

1953 and, several years later, led to the creation of the European Court of Human Rights. In addition to being instrumental in the area of protecting human rights and fundamental liberties, the Council of Europe also engaged in a number of notable cultural initiatives.

The post-war period spawned a series of leading Western organisations, including the OEEC, NATO and the Council of Europe. The proposal to create the European Coal and Steel Community (ECSC), the forebear of today's European Union, did not come until 9 May 1950. Up until that point, no truly supranational organisation had yet seen the light of day, as Western Europe lacked the necessary consensus for such a model.

13. New organisations in Eastern Europe

Various organisations were also created in Eastern Europe. In 1947, the Soviets set up the Cominform, which replaced the Third International (previously known as the Comintern). Its purpose was to coordinate the international communist movement, which it did through often brutal purges in Eastern countries and by taking over communist parties in Western countries.

In February 1948, the USSR took over control of the Czechoslovak government after triggering the Prague coup d'état. As a result of the Second World War, the Soviets already controlled the Baltic States, Poland, Hungary, Bulgaria and Romania. Eastern Europe was subjected to violent purges aimed at imposing an ideological straitjacket that would benefit the USSR both politically and economically. In the economic sphere, the Soviets founded and presided over the Council for Mutual Economic Assistance, or Comecon, which was akin to a common market for Eastern Europe.

Another development in global geopolitics was the victory of communism in continental China in 1949. China had descended into

civil war before the Second World War broke out. The civil war was put on hold when Japan invaded China but resumed in 1945 when the world war ended. On 1 October 1949, the communists, led by Mao Zedong, proclaimed the People's Republic of China. The nationalist forces, under Chiang Kai-shek, withdrew to the island of Taiwan. The communist takeover of this huge Eurasian landmass was a major shock and huge concern for the West.

14. The new bipolar international order

Such shocks led naturally to overreactions. The West, and the United States in particular, deeply feared communism and saw communists everywhere – even where there were not any. Thus ensued the very troubling period of McCarthyism, named after US senator Joseph McCarthy, who led a witch hunt aimed at purging the country of all communist elements.

It was against the backdrop of the Cold War that the Soviets formalised their military alliance with their Eastern European partners through the Warsaw Pact, signed in 1955. That meant there were then two integrated military alliances: NATO in the West, led by the US, and the Warsaw Pact in the East, led by the USSR. The European continent was starkly divided.

It is interesting to note that this bipolar order took shape over the course of a few years by decisions made on both sides. In other words, it happened without a broad peace settlement after the Second World War. There was no peace conference, no treaty signings. That was the difference between 1918–19 and 1945.

It is worth emphasising Germany's importance in this process and the fact that two Germanies emerged out of the Cold War. The issue of Germany rearming, for example, could not be avoided, since the German army had been dissolved in 1945. So a crucial

question between 1950 and 1955 was how West Germany would rearm so that it could contribute to the West's struggle with the USSR.

After the Second World War, the US and the USSR played a prominent and enduring role in Europe, unlike after the First World War, when the former withdrew into isolation and the latter was spurned by the other States. This time around, Europe was divided and the West focused on reconstruction.

To get a sense of Europe's standing in the world, it is worth remembering the far-reaching decolonisation movement that spread across Europe after the Second World War. European countries often took economic advantage of their colonies, which were all too eager to regain control over their own destiny. The colonies were supported in their ambitions by the two superpowers, the US and the USSR, both of which opposed the colonial system. The movement gathered speed in August 1947 when British India came to an end and was replaced by the Dominion of India (which became a republic three years later) and Pakistan.

This transition was fraught, as the borders were hastily drawn, resulting in widespread human migration along with massacres.

The British were not the only ones affected by the upheaval of decolonisation. France had ruled Indochina since the 19th century, but after a war that lasted from 1946 to 1954, the region was divided into four States: South Vietnam, North Vietnam, Cambodia and Laos. And for eight more years, from 1954 to 1962, France fought in the Algerian War, a highly destructive conflict. The chaos of that war reached metropolitan France, as an attempted coup led to the demise of the Fourth Republic and the establishment of the Fifth Republic in 1958, with General Charles de Gaulle taking power.

Europe's position in the world had drastically changed. In many respects, Europe became peripheral in the new international order, starting in 1945. Not only was it divided, but it was a source of

rivalry and animosity between the new – non-European – super-powers. After 1945, this dichotomy of reconstruction and division led to the development of the European Communities, in a process that started in 1950.

Chapter 3: The European Communities, 1950-1957



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Inaugural meeting of the High Authority of the European Coal and Steel Community.

1. Productive and turbulent years

The process of European integration advanced haltingly during this period, against the backdrop of the Cold War and sharp tensions between East and West in the early years. After Soviet dictator Joseph Stalin died in March 1953, a thaw in relations took place between East and West, which experienced a time of peaceful coexistence. While Cold-War-style rivalries between economic, social, political, ideological and geopolitical systems did not abate, the climate was less aggressive and the fear of war faded.

Also during this period, it became clear that the USSR had an iron grip on Central and Eastern Europe. The Soviets were harshly protective of Eastern Europe at the time and militarily suppressed insurrections in Berlin in 1953 and in Hungary in 1956 to restore order.

Western Europe moved beyond its post-war reconstruction phase and embarked on a long period of unprecedented prosperity referred to as the “Glorious Thirty”. This term was coined by French economist Jean Fourastié, who was inspired by the Glorious Three, or the three days of revolution at the end of July 1830 in France. The Glorious Thirty began between 1945 and 1950 and lasted until 1973, when the first oil crisis occurred. During this early phase of European integration, in the 1950s and 1960s, the economic environment was very healthy, with high growth and very low unemployment.

At the start of the 1950-1957 period came a bold proposal to create the European Coal and Steel Community (ECSC), which would be the first of Europe’s communities. In 1950, the ambiance in Europe was sombre, with the Cold War between two enemy blocs in full swing, and Germany – and its capital – divided.

Berlin itself, or West Berlin to be specific, was an important pawn in the early years of the Cold War, until the early 1960s.

Tensions were high around the globe, with the USSR testing its first atomic bomb and the communists taking over in China, both in 1949, and the witch hunt raging in the US. Global peace hung in the balance. That balance then tipped when communist North Korea invaded US-backed South Korea a month and a half after a decisive declaration on 9 May 1950.

2. The Schuman Declaration, prepared by Jean Monnet

A full understanding of the mechanisms underlying the Schuman Declaration requires a grasp of the harsh climate in which it was made. The declaration is named after Robert Schuman, the French foreign minister, but it was dreamt up, designed and mapped out by Jean Monnet with the help of a few others. This declaration would have remained in the drawers of history if Monnet and Schuman had not worked together, and if Schuman had not lent it his political backing. And without Monnet, Schuman would not have been provided with this solid plan to put forward.

Monnet was simply following his instinct of helping ensure world peace. The political climate around the world was going downhill fast. At the time, he was the general commissioner of France's economic development plan, and his job was to implement the country's modernisation and infrastructure programme. Over the course of five weeks, in April and May 1950, he wrote the draft declaration. The ninth and final version was ready on 6 May. He submitted his text to Schuman through the latter's chief of staff, Bernard Clappier.

The Schuman Declaration marked a paradigm shift for Europe. Here are some excerpts:

World peace cannot be safeguarded without the making of creative efforts proportionate to the dangers which threaten it. [...]

Europe will not be made all at once, or according to a single plan. It will be built through concrete achievements which first create a de facto solidarity. The coming together of the nations of Europe requires the elimination of the age-old opposition of France and Germany. Any action taken must in the first place concern these two countries. With this aim in view, the French Government proposes that action be taken immediately on one limited but decisive point. It proposes that Franco-German production of coal and steel as a whole be placed under a common High Authority, within the framework of an organization open to the participation of the other countries of Europe. The pooling of coal and steel production should immediately provide for the setting up of common foundations for economic development as a first step in the federation of Europe, and will change the destinies of those regions which have long been devoted to the manufacture of munitions of war, of which they have been the most constant victims. The solidarity in production thus established will make it plain that any war between France and Germany becomes not merely unthinkable, but materially impossible. [...]

By pooling basic production and by instituting a new High Authority, whose decisions will bind France, Germany and other member countries, this proposal will lead to the realization of the first concrete foundation of a European federation indispensable to the preservation of peace. [...]

With this text, Jean Monnet became the father of the community approach. His idea was to pool coal and steel production – two strategic sectors in terms of war resources. This would complicate or even obviate future conflicts, because it forced countries to forge new ties and to jointly manage strategic economic sectors.

3. The European Coal and Steel Community

The key concepts underpinning the creation of European Coal and Steel Community (ECSC) were the quest for common interests among States and the rule of law, as it was necessary to set up a rules-based community – and that implied creating shared institutions. The institutions of the ECSC were the High Authority, the Council of Ministers, the Common Assembly and the Court of Justice. The executive power held by the High Authority was checked by a parliamentary assembly to which the High Authority was politically accountable. The Court of Justice heard appeals against the High Authority's decisions, interpreting and applying community law. The ECSC was linked to the States through the Council of Ministers, which was made up of minister-level representatives of each State.

This Community, as conceived by Monnet, was centred on France and Germany. It would allow Europe to move forward by cementing a peaceful relationship between these two countries once and for all. Yet it was open to other European countries interested in joining. Monnet's approach was at once visionary, with its long-term perspective, and pragmatic, in proposing a concrete first step. His vision was unlike that of the aforementioned federalists, as his path forward was economic in nature, based on pooling resources. In terms of their ultimate goal, however, the two approaches were similar: they both sought to create a closer union among the peoples of Europe.

Monnet was viewed by some critics as a neofunctionalist, which is a much too reductive reading. While the aim of furthering integration through the ECSC was present, there was also a long-term vision of rapprochement that was in line with the federal vision.

As foreign minister, Schuman assumed political responsibility for this proposal. He first presented the plan to the French government

on 9 May 1950, at the end of a meeting of the Council of Ministers. It is quite likely that not all ministers in attendance grasped the full implications of Schuman's proposal.

It was also crucial to bring the West Germans into the discussion. To this end, on the evening of 8 May Schuman sent his close colleague Robert Mischlich to Bonn to speak with West German Chancellor Konrad Adenauer. The following morning Mischlich spoke with Adenauer, who was immediately and deeply interested in the French proposal. He recognised its visionary nature and how it could be a powerful tool to achieve peace between France and Germany.

Schuman also informed the US, albeit confidentially. That country welcomed the plan, in the belief that anything that would bring greater order to Western Europe and make it stronger against the USSR was a good thing.

At 6pm on Tuesday, 9 May 1950, Schuman made his declaration in a press conference at the French foreign ministry in Paris, in the highly symbolic Clock Room. After a short introduction, he read the declaration. Two hours later, at 8pm, Chancellor Adenauer offered his own remarks at a press conference in Bonn, announcing the Federal Republic of Germany's support for the plan. This was a revolutionary moment. The creation of the community of Europe began on 9 May 1950. This date has been celebrated as Europe Day since 1986.

This was how the ECSC got off the ground. In June 1950, negotiations between States began based on the French declaration, and the Treaty of Paris was signed on 18 April 1951. It entered into force on 23 July 1952, for a period of 50 years. In legal terms, the treaty therefore expired in July 2002, although by that point all of its founding authority had been transferred to European Union institutions and law.

The ECSC treaty led to integration within only two sectors, coal and steel. These sectors, far from being selected randomly, were

key sectors at the time and essential to the economic health of European countries. The original community of Europe comprised six countries: France and Germany, together with Italy and the three Benelux countries. These countries' leaders agreed that Jean Monnet should be the first president of the ECSC's High Authority. He held this position for almost three years, from August 1952 to June 1955.

4. The European Payments Union

The European Payments Union (EPU) emerged and took its place in the framework of the OEEC. It was designed by Robert Triffin, a US economist of Belgian origin working as an economics professor at Yale University. The EPU was created in 1950 and operated until the end of 1958, when it was replaced by a new body, the European Monetary Agreement.

The EPU served as a multilateral settlement system. Until then, trade flows had been settled bilaterally, yet that created problems whenever one country ran a deficit against another one. In a multilateral settlement system like the EPU, each member country had one overall balance with that organisation. It could be a surplus or a deficit, but there were no longer bilateral balances between countries. A mechanism for helping countries in deficit was also set up.

The EPU was important in Western Europe because it normalised monetary relations among countries, but also because it helped reduce trade quotas. Indeed, when a State imposed quotas, it was generally for protectionist purposes; it was attempting to shield its domestic industry by limiting outside competition. After the Second World War, the quota approach would have undermined trade, and the EPU was instrumental in averting that.

In the immediate aftermath of the Second World War, the OEEC provided Western Europe with a broad framework within which

it could make initial progress in opening and liberalising its economies. The community of Europe allowed for additional progress down the same path.

5. The European Defence Community

The idea for a European Defence Community (EDC) was officially mooted at the end of October 1950 in a speech given by René Pleven, the president of the French Council of Ministers, to France's National Assembly. He presented what was subsequently named the Pleven Plan, which had been inspired by Jean Monnet, a close acquaintance of Pleven. It called for the creation of a European army.

The fundamental goal of the plan was to prevent West Germany from rebuilding its military. At the time, the United States had demanded that West Germany rearm in order to counter the communist threat. Here are some excerpts from Pleven's speech:

[...]

Germany, albeit not a party to the Atlantic Pact, will nevertheless also benefit from the resulting security system.

It is, therefore, only right for Germany to make its contribution to the defence of Western Europe.

[...]

The French Government believed that, if the coal and steel plan succeeded, people would become more used to the idea of a European Community before the extremely delicate issue of common defence was approached. World events leave it no option. Therefore, confident as it is that Europe's destiny lies in peace and convinced that all the peoples of Europe need a sense of collective security, the French Government proposes

to resolve this issue by the same methods and in the same spirit. Merely responding to events, however, is unlikely to provide a constructive solution. Any system that led, whether immediately or eventually, directly or not, with or without conditions, to the creation of a German army would give rise to renewed distrust and suspicion. The formation of German divisions, of a German Ministry of Defence, would sooner or later be bound to lead to the rebuilding of a national army and, by that token, to the revival of German militarism.

[...]

[The French government] proposes the creation, for the purposes of common defence, of a European army tied to the political institutions of a united Europe.

[...]

A united European army, made up of forces from the various European nations must, as far as possible, pool all of its human and material components under a single political and military European authority.

[...]

Participant states that already have national forces would retain their authority over those of their existing forces that were not incorporated into the European army.

[...]

The European forces placed at the disposal of the unified Atlantic command would respect the obligations entered into under the Atlantic Pact, as regards both general strategy and organisation and equipment.

[...]

It is on this basis that the French Government proposes to invite Great Britain and the free countries of continental Europe that agree to take part in creating the European army jointly to devise how the principles that we have set out can be put into practice.

[...]

The treaty setting up the EDC was signed in Paris at the end of May 1952. The signatories were the six States of the ECSC, which meant that, right after creating the first community, these States saw a need to set up a mutual defence mechanism – an extremely ambitious idea. The question of defence is central to State sovereignty. And in a democracy, civilians maintain control over the military. So a joint army would require a shared political authority that should be democratic in nature. And that is why a European Political Community (EPC) was proposed alongside the EDC. But the creation of an EPC would have to await ratification of the EDC treaty.

6. The EDC fails, and Europe enters crisis

Plans for the EPC were discussed and negotiated, but a turnkey project was never developed. At the end of August 1954, only France and Italy still had to ratify the EDC. It was on 30 August of that year that the French National Assembly dealt the treaty its death blow. The French government was led by Pierre Mendès-France who, in the wake of the war in Indochina, may have gone so far as to enter into secret agreements with his country's communist politicians in order to prevent a ratification of the EDC treaty. The Mendès-France government submitted the treaty to the French Assembly passively, without promoting it or accepting any responsibility for it. The Communist and Gaullist parties joined forces to oppose it, and divisions within other parties sealed the treaty's defeat in the voting.

After France rejected the EDC treaty, plans for a political community fell apart as well. This had a lasting effect on European integration, which then became more of an economic than political union. And the EDC was one of its founding failures.

7. The Paris Agreements

The United States was convinced that West Germany needed to rearm. And this major step took place through the Paris Agreements, signed in October 1954: that is when the Federal Republic of Germany – West Germany – joined NATO. So that country was allowed to form a new army, but within the transatlantic framework. This development was inevitable following the failure of the Plevin Plan, which opposed West Germany's rearming, and in view of the Cold War situation.

When West Germany joined NATO, that country's army, or Bundeswehr, came into being. This meant that the defence of Western Europe would be the remit of individual States within a transatlantic context, without an overarching European component. The US would nevertheless maintain its military presence in Europe, affirming its role as the guarantor of Western Europe's security.

8. The Action Committee for the United States of Europe

With European integration in crisis, Jean Monnet left his position at the helm of the ECSC in order to found the Action Committee for the United States of Europe several months later. A successor to Monnet could not be named immediately owing to a ministerial crisis in France at the start of 1955. It was not until the Messina Conference in early June 1955, when the heads of the six States

of the ECSC (the "Inner Six") met, that Frenchman René Mayer, former president of the Council of Ministers, was appointed to Monnet's old post within the ECSC.

Monnet's aim in giving up his official position in Europe was to regain the freedom to bring his influence to bear from the outside. As the president of the ECSC's High Authority, Monnet did what he could to ensure this Community was designed, created and put in place, yet his actions were confined by his official role. He was not free to contribute to Europe's future on his own terms. In October 1955, Monnet announced the creation of the Action Committee for the United States of Europe, which included the main political parties and trade unions of the Inner Six.

In setting up this Committee, Monnet sought to provide a platform for the main political parties within the Inner Six to work together in favour of European integration. Although these parties were in competition with each other, Monnet was able to bring them to the table and get them to coalesce around Europe's shared interest. The Action Committee had strong links with policymakers but was an officially non-governmental organisation, a sort of movement in favour of European integration.

The Committee lasted for 20 years, from 1955 to 1975. Monnet initially thought that the Committee's role would be short-lived, just long enough to get past the failure of the EDC and move forward.

Yet the goal of European integration encountered a series of challenges. The main one faced by Monnet and his Committee was French President Charles de Gaulle, in office from 1958 to 1969, whose vision clashed with that of Monnet and the other member States in numerous respects. The Gaullist years, especially from 1963 to 1969, were particularly difficult for Monnet. He had to do what he could to hold onto the gains that had been made and avert a major intergovernmental backlash that could have undone everything that had been achieved.

9. The Messina revival

The European project was revived with the Messina Conference in early June 1955, which focused on two main ideas: a common market, and a European atomic energy community (Euratom).

With a common market, Europe would go from sector-specific economic integration to general economic integration. It would cover all sectors rather than being limited to individual ones. This was the brainchild of the Benelux countries, and in particular Dutch foreign minister Johan Willem Beyen, who took the lead on this initiative.

The second issue under discussion concerned atomic energy. This was considered a cutting-edge technology at the time. Europe was in the midst of the Glorious Thirty and needed more energy to maintain a high level of economic prosperity. Coal had become a resource of the past. With theoretical, scientific and then industrial advances in the area of atomic energy, there was a new sector to build, one that was expected to furnish plentiful energy at a low cost. It was also expected that this new form of energy would prevent Europe from becoming overly dependent on oil and other hydrocarbons.

Euratom became much less relevant in the ensuing years, as oil was in cheap and abundant supply. In addition, de Gaulle's France was not won over by the idea of European cooperation on nuclear energy. The French were indeed interested in the military use of atomic energy, and thus sceptical of an atomic community with purely peaceful intentions. De Gaulle, extremely jealous of his country's national sovereignty, did not want European or US meddling in France's ambition to use nuclear energy for military ends.

10. The Rome Treaties come into focus

The Messina Conference was a major success. The foreign ministers of the Inner Six greenlighted a resolution that would drive both the common market and Euratom forward. Here are some excerpts:

The Governments of the German Federal Republic, Belgium, France, Italy, Luxembourg and the Netherlands believe the moment has come to go a step further towards the construction of Europe. In their opinion this step should first of all be taken in the economic field. They consider that the further progress must be towards the setting up of a united Europe by the development of common institutions, the gradual merging of national economies, the creation of a common market, and the gradual harmonisation of their social policies. Such a policy appears to them to be indispensable if Europe's position in the world is to be maintained, her influence restored, and the standard of living of her population progressively raised.

[...]

The six signatory States consider that it is essential to examine ways and means for creating a common organisation which would have the responsibility and the facilities for ensuring the peaceful development of nuclear energy, taking into consideration the special arrangements made by certain Governments with third parties.

[...]

The six Governments agree that the setting up of a common European market, free from all customs duties and all quantitative restrictions, is the aim of their work in the field of economic policy. They consider that such a market must be established by stages.

[...]

The Messina resolution laid the groundwork for the Rome Treaties. The Spaak Committee, which was set up at the Messina Conference, completed a report in April 1956 and presented it to representatives of the Inner Six the following month at the Venice Conference. This led to an intergovernmental conference where the States would negotiate their way towards treaties, with the help of experts.

In autumn 1956, the intergovernmental negotiations reached a critical stage but were held up by several key questions. The French were afraid that the open-market approach would go too far and were not sure how their country's economic structure would fare in an integrated Europe. Then there was the question of harmonising social conditions: France had the most advanced social policies and insisted that their partners adopt the same ones. Further discussions were held around the status of agriculture and the question of whether the process of economic liberalisation was reversible or not.

During this time, two major international crises shook things up:

1. *The Suez crisis.* In the latter half of the 19th century, France and the United Kingdom came up with funds and created a company tasked with digging a canal linking the Mediterranean Sea and the Red Sea. This vital passage would, among other things, give the United Kingdom easier access to its empire in India.

This huge infrastructure project was being run by a private company, with both French and British shareholders. On 26 July 1956, Egyptian President Gamal Abdel Nasser, recently elected, announced plans to nationalise the Suez Canal Company. Nasser viewed himself as the leader of an Arab world that was unifying and coming into its own. His views were strongly socialist, and his actions were nationalist in spirit but also pan-Arabic and universal. In nationalising the Suez Canal, Egypt would take over control of this stretch of water and reap the profits.

The French, British and Israelis joined forces to take back control over the canal. This led to the Second Arab-Israeli war. In winning back control over the canal, the French, British and Israelis scored a military success – but a total political and diplomatic failure. In the UN, the USSR and the United States did not hide their dismay, but the French and British held veto power on the Security Council and blocked any potential action.

The British were the first to give in to international pressure. Then came the French, and finally the Israelis. France and Britain drew conflicting conclusions from this debacle. The French, recognising their lack of influence at the international level, decided to focus more on Europe. That change in attitude helped them, in autumn 1956, move past their concerns and reluctance, much of which had been based on economic considerations. The British saw things differently: they felt it was necessary to further their ties with the US and become its key partner; this gave rise to the term “special relationship” to characterise dealings between the US and the United Kingdom. That became a pillar of British policy and remains so to this day.

2. *Hungary.* The USSR invaded Hungary at the end of the Second World War, bringing it into the Soviet bloc in Eastern Europe. Yet Hungary's leadership changed in 1956, and the new government sought to free itself from the Soviet yoke. That was too much for the USSR, which sent in troops and assumed control of the country. Hungary was subjugated and, despite some economic liberalisation starting in the 1960s, did not gain its independence from the USSR until the end of the 1980s.

These two events played a decisive role in the November 1956 meeting between the president of the French Council, Guy Mollet, and West German Chancellor Konrad Adenauer, removing the stumbling blocks from the negotiations. Things were much more straightforward after that, and the outcome of the negotiations was no longer really in doubt. One last sticking point was whether or not overseas territories would be included in the common market – in the end, they were.

11. The Rome Treaties signed

The signing of the Rome Treaties, on 25 March 1957, on the Capitoline Hill in Rome, was a highly symbolic moment. The two treaties created the European Economic Community (EEC) – the common market – and Euratom. As it turned out, the EEC was the community that would deliver on the European promise.

The EEC, like the ECSC and Euratom, conformed to the community model. It was designed to gradually do away with trade restrictions among the Inner Six and create a customs union. Following a ten-year transition period, the existing system of tariffs would be replaced by a single tariff. This meant presenting a united front in international trade negotiations within the General Agreement on Tariffs and Trade – the entity that prefigured the World Trade Organization. And for that to happen, a joint trade policy was required. The Europe of Six was becoming a single trading partner.

The customs union was another way in which Europe presented a united front to the rest of the world. It was more than a simple free-trade zone meant to reduce or remove quotas and tariffs among member States, with each country maintaining its respective trade policy and negotiating bilaterally with other countries. Rather, it was a mechanism for these countries to stand together and negotiate international trade policy as a united bloc.

Following a transition period, the common market would also lead to the free movement of workers and common competition and agricultural policies:

1. Under the competition policy, national borders would be broadly opened in order to set the stage for fair competition. The aim was to create a level playing field.
2. The common agricultural policy, championed by France, emerged from the understanding that free trade was required in

the agricultural sector, not just in the industrial sector. Food was a priority in continental Europe, which remained haunted by the hunger and rationing experienced during the Second World War. This joint policy was underpinned by the need to produce enough food. The model that was adopted was not only protectionist in nature but autarkic vis-à-vis non-member States.

Once the treaties were signed in Rome on 25 March 1957, the ratification battle began. France's five partners, having learnt their lesson from the EDC, required France to ratify the treaties first, which ended up being a relatively straightforward process. The two Rome Treaties entered into force on 1 January 1958.

12. The United Kingdom's proposed large free-trade area (1956-1958)

This project, which the United Kingdom came up with as the Inner Six were negotiating the Rome Treaties, was tailor-made for the British. The United Kingdom was an old hand in the area of free trade and, with the British Commonwealth of Nations, already belonged to a free-trade union. In creating another free-trade zone in Western Europe, the United Kingdom would be the only country in both the Commonwealth and its proposed free-trade area in Western Europe.

The United Kingdom's economic appeal would expand, as it could expect to attract significant American capital, and that would help grow its economy in general – and its manufacturing sector in particular – thus enhancing growth and boosting employment. And as this free-trade zone would not have an agreed external tariff, the United Kingdom could continue to set its own customs duties and trade policy. Its plan was truly tailor-made, as it did not include agriculture, which played a smaller role in that country's economy. For political reasons, the United Kingdom was banking on pure intergovernmental cooperation.

France opposed this plan, which it considered a threat to the common market. Additional resistance came from the Commission of the European Economic Community, which began operating in 1958. The desire to avoid creating divisions within Western Europe and to seek compromise had its limits, after all. It was feared that the British plan would “dissolve the EEC like sugar in a cup of tea”.

In November 1958, following Charles de Gaulle’s return to power, France announced its withdrawal from the negotiations over a large free-trade area. The UK’s tactic had failed.

13. Two Western Europes

In November 1959, the Stockholm Convention, which lay the groundwork for the European Free Trade Association (EFTA), was signed by seven Western European countries: the United Kingdom, Denmark, Sweden, Norway, Switzerland, Austria and Portugal. The Outer Seven could be viewed as a rival for the Europe of Six. This organisation harboured no political ambitions, aiming simply to establish an industrial free-trade area that excluded agriculture.

These two models of Europe, which lacked any connection until 1972, offered alternative and competing visions of European integration and inter-state collaboration. Historically, as we will see, the community model proved its mettle and prevailed over the alternative model, as embodied by the United Kingdom’s attempt at setting up a large free-trade area.

Chapter 4. Progress in and limits of European integration, 1958-2021



© Commission européenne

The Delors Commission, 1986.

1958 was the year in which the Treaties of Rome came into effect, establishing the European Economic Community (EEC) and the European Atomic Energy Community (Euratom).

In this chapter we will discuss developments over the extended period from 1958 to 2021, from three main perspectives:

- The geographical perspective, from enlargement through to Brexit.
- The integration perspective.
- The historical perspective, encompassing the various cycles of crisis and recovery in the European community's development. This perspective is a particularly interesting one because it shows how turmoil and difficulty can be a driving force for progress.

1. From enlargement to Brexit

The path of enlargement

When the European Communities were established in the 1950s, they consisted of six founding members: France, West Germany, Italy, Belgium, the Netherlands and Luxembourg. The first enlargement took place in 1973 with the addition of the United Kingdom, Ireland and Denmark, expanding the EEC to the north-west and bringing the number of member States from six to nine. The EEC then expanded towards the south in the 1980s, with the addition of Greece in 1981 and Spain and Portugal in 1986. This brought the number of member States to ten and subsequently 12.

It is worth noting that the Southern Enlargement occurred only after major political shifts in those countries. Greece, Spain and Portugal were dictatorships until the 1970s; once they returned to

being democracies, they aspired to join the EEC, which at the time was the most complete form of union among European States and included some supranational aspects. These three countries hoped that joining the common market would bring greater prosperity, along with assistance from fellow member States to the north, through a show of solidarity.

1995 saw an Alpine and Nordic enlargement with the addition of Austria, Finland and Sweden – three neutral countries. These countries had not been able to join the Communities during the Cold War due to the importance they place on neutrality. Their accession therefore marked the first post-Cold-War enlargement. Note that the 1990 German reunification does not count as a post-Cold-War enlargement, because West Germany had already negotiated a clause in the Treaty of Rome specifying that, from a trade perspective, East Germany would be considered an integral part of the common market. Therefore Germany's reunification served to neither eliminate West Germany or create a new Germany, but rather to bring East Germany's six Länder into the Federal Republic of Germany. West Germany's "Basic Law" – initially intended to be only temporary – was adopted as the unified country's constitution through a mechanism whereby the six Länder were absorbed into West Germany. As such, no "enlargement" took place. That said, Germany's reunification did entail the de facto expansion of Western European institutions and norms to the East.

With the end of the Cold War and the collapse of the Soviet sphere of influence, the mechanisms that the USSR had established – such as the Council for Mutual Economic Assistance (or Comecon) and the Warsaw Pact – were dissolved in 1991. At that point, what Central and Eastern European countries aspired to above all – especially after being under the Soviet yoke for so long – was a guarantee of security. NATO was therefore the magic word, while the EEC offered hopes of prosperity and other economic benefits.

The accession of the States of the former Soviet bloc was known as the Eastern Enlargement. The entire process – from the fall of the

Iron Curtain to the membership of the first ex-communist countries – lasted around 15 years, since these countries had to take a number of steps to meet the EU's membership criteria. It was not enough for them to simply declare their desire to join the club.

These nations had been under communist rule for over four decades and their economies had been controlled largely by the State. Their economic foundations were extremely shaky; getting them ready to enter the common market and face the related competitive shock was a real challenge. The preparatory phase lasted throughout the 1990s. Some countries made the transition to a market economy fairly well, others less so.

Along with access to a large single market, joining the EU also gave these countries an opportunity to receive EU funds. The cash injected provided essential economic support, especially for building infrastructure.

Central and Eastern European countries joined the EU through enlargements in 2004, 2007 and 2013. Eight of these countries joined in 2004: Estonia, Latvia and Lithuania (three former Soviet republics) along with Poland, the Czech Republic, Slovakia, Hungary and Slovenia (the first former Yugoslav country to join). Two Mediterranean countries – Cyprus and Malta – also joined in 2004, bringing the number of EU member States to 25.

Romania and Bulgaria joined in 2007; these countries needed three additional years to get ready, since their economies were less advanced and they had further to go to adopt a rules-based governance system. After their accessions, the EU had 27 member States. Croatia (the second former Yugoslav country) joined in 2013. The first exit from the Union took place in 2020, when the UK left, bringing the number of member States back to 27.

As the EU stands today, four of the member States are neutral: Ireland, Austria, Finland and Sweden. Cyprus and Malta do not officially have neutral status but they are not part of a military alliance. The 21 other member States belong to NATO.

The appeal of a community of States

The European community, with its various mechanisms and enlargements, has always been an attractive group to join. An alternative approach could have been something along the lines of the European Free Trade Association (EFTA), which was founded in 1960, but the EEC model proved to be more effective. A major step forward occurred when the Iron Curtain fell and the USSR was dissolved.

The Brexit vote

Only one member State has ever chosen to leave the European community: the United Kingdom. The British people were asked to vote in a referendum on 23 June 2016, indicating whether the UK should remain a member of, or leave, the EU. 51.9% of voters chose to leave.

The UK's relationship with the EU has always been choppy. The country did not want to be one of the EEC's founding members, probably because it thought the organisation would fail, and attempted to undermine the European project in the late 1950s by co-founding the EFTA.

The UK has long been a unionist country that adheres to inter-governmentalism and does not believe certain powers should be exercised on a supranational level. It has traditionally supported cooperation among nations, provided this cooperation does not infringe on national sovereignty.

The EEC gained traction in the late 1950s and began to overshadow the EFTA. The UK, upon seeing that the European project was working, quickly changed course and applied for membership in 1961. However, French President Charles de Gaulle refused the request, as he was wary of the close political and military ties between the UK and the United States.

That is because de Gaulle was still scarred by his experience with the Americans during the Second World War. Although Winston Churchill recognised him as leader of the Free French in 1940, US President Roosevelt viewed de Gaulle as a would-be dictator and consistently tried to marginalise him. The US had planned to make France an occupied territory after the war, but de Gaulle was eventually able to establish Free France as the legitimate French government. Such tensions were not easily forgotten.

De Gaulle was concerned that America would use the UK as a Trojan horse for imposing its influence in Europe – something he wanted to avoid at all costs. De Gaulle's successor, President Georges Pompidou, lifted France's veto on the UK, paving the way for accession negotiations and eventually the UK's membership in 1973.

The left-leaning Labour Party came into power in the UK in 1974. At the time, Labour was more Eurosceptic than the Conservative Party. The country held a referendum on EEC membership in 1975 and two thirds of the British public voted in favour of remaining.

Four years later, the Conservatives, led by Margaret Thatcher, came to power in a general election. Thatcher served as prime minister for 11 and a half years, from 1979 to 1990. She believed from the outset that the UK was paying too much to the EEC and was not getting enough back for its contributions to the budget. It is true that the UK paid more into the EEC than it received, mainly because it was allocated very little funding under the common agricultural policy, since agriculture made up only a minor part of the country's economy.

Thatcher brought up the issue – but was the EEC really meant to return to its members exactly what they put in? If you believe that the European community was established primarily for economic and utilitarian reasons, then it is fair to weigh the costs and benefits, even if all the benefits cannot really be quantified. But the

EEC was not designed to be just a club of nations for intergovernmental collaboration. It also had political ambitions, meaning that solidarity among member States should play an integral role.

We can compare the EEC at this stage with Switzerland today, where some cantons pay more to the federal government than they receive through the government's "fiscal equalisation" system. That is the case for Vaud Canton, for instance. However, despite the comments and criticism, it is generally understood that solidarity and redistribution are core tenants of a fully formed federal state and political union.

The budgetary spat between the UK and the EEC poisoned the climate in Europe until 1984, when the heads of member States met at Fontainebleau⁵ and reached an agreement: through a complicated system of (largely incomprehensible) calculations, the UK secured a nearly one-third reduction in its budgetary contributions.

The European project gained fresh momentum in 1985 with an ambitious programme to transition from a common market to a genuine internal market. Jacques Delors of France was the newly appointed president of the European Commission that spearheaded this initiative. The idea was to build on the foundations laid in the 1960s and 1970s and further integrate member States' economies to create a European-wide single market.

Many Europeans believed that a single market stood not only for neoliberalism and deregulation, but also for a shared set of standards and enhanced policies to support the functioning of the free market.

⁵ Meetings of the heads of member States have been held in Brussels (except on some rare occasions) since the Treaty of Lisbon took effect in 2009. However, at the time of these events, the meetings were held in the country of the presidency of the European Council, which was rotated among member States for six-month terms. France held the presidency in the first half of 1984.

Given Thatcher's utilitarian vision of the EEC, she was initially on board with the 1985 programme to make the club an instrument of deregulation and liberal economic policy. However, when policymakers in 1988 began promoting a broader scope for the European community – one that incorporated fiscal and social aspects, and potentially even a single currency and political union – she changed course. The European project no longer corresponded to what she had envisioned, and she did not want to see the EEC evolve into a strong political union.

Thatcher was not opposed to what at the time was called the European Political Cooperation, i.e. a coordinated foreign policy for EEC member States, because she saw this as being purely intergovernmental in nature. But she was firmly against the idea of a stronger union that could set rules for fiscal, social, economic and monetary policy, or that could evolve into a European-wide sovereign entity.

By 1988, the general feeling was that the UK was adamantly opposed to the direction in which the European community was heading. That year, European Commission President Delors said in a speech to the European Parliament that by 2000, 80% of the economic and social legislation in member States could be established within the EEC framework. That infuriated Thatcher, who responded with harsh words in a talk at the College of Europe in Bruges in September 1988, making her now-famous remark: "We have not successfully rolled back the frontiers of the State in Britain, only to see them re-imposed on a European level with a European superstate exercising a new dominance from Brussels."

She was concerned that a European "superstate" would trample member States' national sovereignty. The European community was in fact evolving, but not towards a superstate. What is striking about Thatcher's remarks is the feeling of weakness they betray with regard to the EEC. Ironically, however, the model adopted by the EEC was actually largely in line with the UK's views.

That said, the European community was undergoing some changes that the UK did not want and did not like. Because the UK was still part of the club at the time, it could negotiate exemptions. For instance, the UK opted out of the economic and monetary union, the Schengen area and the Charter of Fundamental Rights. The EU is still working to achieve a strong, well-formed political union, a prospect the British hated, and which will take time to materialise (if it ever does).

Given all these contradictions, it would be fair to wonder why the UK voted in 2016 to leave the EU. One answer is that it was a protest vote in which the issue of immigration, at a time of accelerating globalisation, likely played a large role.

The UK's domestic policy was another important factor. The United Kingdom Independence Party (UKIP) led by Nigel Farage had steadily gained in popularity in the years leading up to the referendum. In addition, a strong Eurosceptic movement had taken hold in the Conservative Party in the second half of the 1980s. This movement was driven in part by Thatcher's growing misgivings about the European community. When David Cameron took over as head of the Conservative Party in the late 2000s, he felt he needed to give something back to his party base. He pulled the UK out of the European People's Party (EPP), a large centre-right alliance in the European Parliament, thereby starting to isolate the UK from the other member States. Cameron accordingly found himself standing alone in the 2011 negotiations for the European Fiscal Compact, which was designed to help member States overcome the major economic, financial, banking and social crisis the continent was then facing.

In 2013, Cameron announced he would hold a referendum on EU membership if he won the upcoming general election. He assumed that Europhiles like himself would win the referendum and hoped this would help clear away divisions within his party. To increase his chances of winning, he planned to obtain certain concessions from the EU before the referendum, enabling him to put before British voters a package of reforms that he himself had

made happen. However, because Cameron had isolated himself within Brussels and had not discussed the proposed reforms with other heads of government beforehand, he got little support from other EU countries. In the end he was able to obtain relatively few concessions.

Things slipped further out of Cameron's hands during the referendum campaign. His opponents' highly simplistic, populist discourse was successful in winning voters over. When the referendum was held on 23 June 2016, 51.9% of British voters chose to leave. Cameron was forced to resign, as much as he would have liked to stay, and former Home Secretary Theresa May – part of the Remain camp – took his place as prime minister. Theresa May thus had the arduous task of preparing the UK's exit from the EU.

The process of withdrawing from the EU is set forth in Article 50 of the Treaty on European Union, as amended by the Treaty of Lisbon. Prior to this, there had been no provision governing the withdrawal of a member State in the EU treaties. Under Article 50, a member State wishing to withdraw from the Union must officially notify EU institutions and other member States of its decision. It can take the decision unilaterally – it does not have to request the approval of other member States. This is another of the EU's confederal features. From a legal point of view, nothing changes for the member State until it makes an official notification, which the UK did on 29 March 2017, kicking off a two-year period of negotiation and transition.

Brexit was initially scheduled for 29 March 2019, but the negotiations turned out to be more complicated than expected. The UK and the EU did not reach a withdrawal agreement until November 2018. One sticking point was how to handle the Irish border. The 1998 Good Friday Agreement, which brought an end to the 30-year-long conflict in Northern Ireland and restored peace, introduced a series of power-sharing mechanisms among political parties in Northern Ireland as well as an agreement between the British and Irish governments. The Good Friday Agreement called for all physical borders between Northern Ireland (which is part of

the UK) and the Republic of Ireland to be removed. The problem caused by Brexit was that the UK would be required to restore those borders, since the Republic of Ireland is part of the EU.

Other problems related to the status of EU citizens living in the UK and of UK citizens living in the EU, and to the UK's funding commitments for the EU budgeting period under way.

Once the UK and the EU reached the November 2018 agreement, which included provisions securing citizens' reciprocal status and the UK's contributions, the Brexit negotiators ran into another obstacle. The UK parliament rejected the agreement three times in a row, causing May to cede her position as prime minister to Boris Johnson in July 2019. Johnson was the former mayor of London and his father, ironically, had been a European high official and a member of the European Parliament. The younger Johnson worked as a journalist in Brussels early in his career and stood out for his often-fabricated stories criticising the EU.

He had campaigned in favour of Brexit and once he became prime minister, negotiated a handful of amendments to the withdrawal agreement. A general election was held in December 2019 and Johnson's party did extremely well. He settled divisions within the Conservatives by purging it of the most pro-European members of parliament (they either left or were driven out), resulting in a much more ideologically consistent party.

The Brexit date, initially scheduled for 24 months after Article 50 was triggered, was pushed back three times: twice under May's government (to 12 April 2019 and then to 31 October 2019) and then to 31 January 2020. The third time was the charm, and it was on this January date that the UK officially left the EU.

At least that is when it left in theory, but in practice, 2020 was still a transition year. The UK no longer had a seat in EU institutions but had agreed to keep applying EU law for one more year. On 1

January 2021, the UK became a "third-party country" and was no longer subject to EU law or a member of the single market or customs union.

Negotiations on the future of the UK's relationship with the EU were similarly challenging. One contentious issue related to fishing – EU member States still wanted access to British waters, but the British were not keen to share their fish-laden seas. Another related to standards on health and safety, the environment and labour. As a sovereign state, the UK wanted to set its own standards, but the EU preferred to keep a level playing field in case it decided to open up the single market again to the UK (even partially). Member States did not want to find their companies exposed to excessive, unfair competition from UK firms that had access to the single market but did not have to comply with the same level of standards and regulations.

A huge amount of energy went into the Brexit negotiations. The remaining 27 member States showed a united front behind their chief negotiator, Michel Barnier of France, who spoke on their behalf. The EU-UK Trade and Cooperation Agreement was reached just before Christmas 2020, setting out the conditions for the two parties' relationship going forward and preventing the hard Brexit that many had feared. The agreement was ratified in 2021.

Brexit itself was a lose-lose situation for both sides, although the UK has more to lose given that the EU economy is bigger. Before the internal market was established and up until the 1980s, each European country had its own border checks and set of administrative procedures for importing goods. For instance, if a lorry carrying French goods wanted to enter the UK – or vice versa – the shipping company had to fill out a series of customs forms and undergo inspections to ensure compliance with health and safety standards, technical specifications and tax requirements. The standardisation brought about by the internal market simplified trade considerably.

Brexit marked the return of physical borders, with long queues of lorries waiting to go through customs, which in turn slowed down trade, created backlogs and pushed up prices. If not resolved, these problems could have a dramatic effect on the supply of consumer goods and medicines. We already saw a marked decline in trade between the UK and the EU in the first part of 2021.

It will be interesting to see what trajectory the UK's economy will now follow. Will it remain a powerhouse that upholds the highest environmental, tax and labour standards, as the EU strives to do, thereby ensuring fair competition? If so, member States will be much more inclined to open their doors to British exports. Or will the UK follow a path of aggressive deregulation without the same health and safety, environmental, tax and labour standards? In this case, British companies would not be competing on an equal footing with their EU counterparts and would likely have only limited access to the internal market. The trajectory that the UK chooses will determine how severe the economic consequences of Brexit will be in the coming years.

Once out of the EU, the UK did not want to adopt EU laws because they were incompatible with its definition of a sovereign state. The UK also rebuked the free movement of people from the EU across its borders, which had been a key issue in the 2016 referendum campaign. This automatically excluded the UK from the European Economic Area (EEA) and precluded it from entering into a Swiss-like bilateral agreement with the EU, since that would entail allowing the free movement of people. In any case, the EU was not keen on entering into an ad-hoc bilateral agreement with the UK, given how complicated managing the one with Switzerland had proven to be (something EU member States have been complaining about since 2008).

Given that EU membership, EEA membership and a bilateral agreement were off the table, the UK had two remaining options: an enhanced free trade agreement like the one the EU has with Canada, or a watered-down free trade agreement obtained by

applying World Trade Organization (WTO) rules. In other words, if the two parties were not able to reach a trade agreement, the standard WTO rules would apply – and the UK would lose out on economic integration. The solution they eventually found, i.e. the EU-UK Trade and Cooperation Agreement, allowed for a certain amount of economic integration but with only limited access to the internal market.

Brexit was also an opportunity for EU policymakers to rethink the structure of their union. The departure of a member State inevitably weakened the union, especially since that State was one of the biggest. For those opposed to further integration, Brexit was good news. But from a geopolitical standpoint, the EU was clearly left with a smaller hand, at a time when the multilateral world order is under threat and new superpowers are emerging at a rapid pace.

In short, the EU found itself in a weaker position economically, politically and from a trading perspective. On top of that came the risk that Brexit would trigger a domino effect. However, this risk never materialised, as the remaining 27 member States pulled together in a remarkable fashion. Worries that Brexit would spark other separatist movements and eventually lead to the break-up of the Union prompted the 27 to join forces. Even the countries most critical of the EU did not want to see it dissolved, because it provided stability alongside NATO and brought an array of economic benefits.

Michel Barnier turned out to be an excellent chief negotiator for the EU. He came to that role after having served as a French minister and European commissioner. The UK tried to sow division among member States during the negotiations but was unsuccessful. This does not mean that the EU will never break up; it was designed by humans and has its share of weaknesses. But it did prove to be more resilient than many experts and analysts thought it would be five years ago.

Since the UK had been one of the EU's most Eurosceptic members, we could reasonably have expected that the European project would gain fresh momentum post-Brexit. But that turned out to be only partially true. Even without the UK, the EU is still marked by diverging opinions, conflict and opposition, generally along north-south and east-west lines. Nevertheless, member States did pull together in response to the recession triggered by the Covid-19 pandemic and passed an ambitious support package and recovery plan. That would have been much harder (if not impossible) with the UK on board. After Brexit, the EU may find it easier to move forward on budgetary, financial and military matters.

That said, passing the recovery plan was not easy. The European Council approved the €750 billion plan in July 2020 after four days of arduous discussions. Then EU policymakers found themselves confronted with another dilemma: should the recovery funds be tied to a rule-of-law condition whereby member States that do not comply with the rule of law could see their funds withheld? This issue arose primarily with Hungary and Poland, whose leaders are setting up political systems far removed from the standards generally accepted across the EU. Hungary's prime minister has even outlined a vision of "illiberal democracy" for his country, which would be a stark contrast from the political systems in the other member States. Most EU countries wanted the recovery plan to include a rule-of-law condition, but some – like Hungary and Poland – were afraid that such a condition could cut off the funding and make it harder for their governments to stay in power. The EU finally reached a painstaking compromise, paving the way for the recovery plan to enter into effect in 2021.

Brexit was not a death knell for the EU, nor did it cause the union to implode or explode. However, it did reveal important rifts between member States, and things have not necessarily been made easier with the UK out of the picture.

2. Enlargement prospects and non-prospects

Accession criteria

In this section, we will look at the prospects (and non-prospects) for EU enlargement – or in other words, the forward-looking perspective of enlargement.

To start with, it would be helpful to review the EU's accession criteria. To join the Union, a State must be European and uphold certain principles like freedom, democracy, and respect for human rights, fundamental freedoms and the rule of law. The European Council detailed three accession criteria (known as the "Copenhagen criteria") at a meeting in Copenhagen in June 1993. These requirements are fundamental to join the EU and were applied during the Central and Eastern European enlargements. They are:

1. Stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities.
2. A functioning market economy and the capacity to cope with competitive pressure and market forces within the EU.
3. The ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union.

The political criteria illustrate that the EU is more than just an economic alliance; it is a community of States that share certain values, including the rule of law, and it also has political ambitions. The economic criteria show that the EU underpins a fairly deeply integrated social market economy, and that when a country joins the EU it also enters the internal market. These criteria are intended to ensure that new members can withstand the competitive shock upon accession.

These criteria were expanded and fine-tuned at a European Council meeting in Madrid in 1995. Under the Madrid criteria, candidate countries must be capable of applying EU rules and procedures and are expected to adapt their administrative structures accordingly as part of the preparation process. This is to ensure that new members can take on the obligations of membership.

For its part, the EU has to make sure it can absorb each new member State. This means ensuring that its institutions and decision-making procedures will still be efficient and reliable after each enlargement, that it will still be able to develop and implement common policies in chosen areas, and that it will still have the capacity to fund these policies over the long term.

The Copenhagen and Madrid criteria go hand in hand. Candidate countries need to be fully ready to become EU member States, and the EU needs to be capable of absorbing each new member State. Accession decisions are based mostly on technical and legal factors, but there is always a political aspect as well.

Throughout the 1990s and 2000s, the EU was torn between a desire to strengthen its institutions – or at least not frustrate what had already been achieved – and to expand geographically. Many worried that enlarging too quickly or too hastily would prevent the Union from becoming stronger and could even cause parts of it to unravel. The 1990s were marked by disagreement between those who believed enlargement was going too slowly and those who believed it was going too quickly.

There was also the issue of what it means for a country to be “European”. Argentina, Nigeria, Pakistan and Australia, for instance, are clearly not European and could therefore not be candidate countries. However, what exactly are the prerequisites for being European? It is a long-standing, complicated question, and the answer is clearly not just geographical.

If we do look geographically, we could say that Europe stretches from the Atlantic to the Urals and down to the Mediterranean.

But there is more to it than that – there are also entwined aspects relating to history, culture, values and institutions. The concept of Europe itself is extremely complex. The EU has asserted that a State must be European to join, and more concretely, must be a member of the Council of Europe. But this Council has 47 members, not all of them European, indicating that the EU is thinking more broadly than its geographical borders.

There are no clear boundaries to Europe, so no black and white guidelines for determining whether a country is “European” or not. It is an important question that could be debated at length. To give an example, Israel has expressed a desire to join the EU. That has not led anywhere, but would Israel even be eligible under the “European” criteria?

The current state of enlargement

Five countries are currently EU candidate countries – Albania, Montenegro, North Macedonia, Serbia and Turkey – and two are potential ones: Bosnia and Herzegovina and Kosovo. The five candidate countries have already started transposing EU law into domestic law, and accession negotiations are under way with three of them: Montenegro, Serbia and Turkey.

The EU’s relationship with Turkey is complex and dates back to before accession negotiations began in 2005. The country entered into an association agreement with the EEC (known as the Ankara Association Agreement) in 1963 to gradually set up a customs union, a process that was completed in 1995. Turkey applied to join the EU in 1987 but it was not officially recognised as a candidate until ten years later, in 1997. It then took another eight years for accession negotiations to begin. The EU has in any case decided that eight chapters of the negotiations will not be opened until Turkey agrees to apply the Additional Protocol of the Ankara Association Agreement to Cyprus.

Cyprus is a former British colony that is now independent. Turkey invaded the northeast part of the island in 1974 and declared it the Turkish Republic of Northern Cyprus – a republic that only Turkey currently recognises. The international community tried to pacify relations, especially after Turkey erected a physical border on the island, and the UN attempted to coordinate a reunification, but failed.

Greece wanted Cyprus to be part of the EU at all costs, and Cyprus became a member in 2004. The part of the island that joined was the Greek-speaking part (where Greek culture is also predominant). By opening its door to Cyprus – technically the whole island since the EU does not recognise the Turkish part – the EU imported the Cyprus dispute and tainted its relationship with Turkey. The EU's signal was clear: the island should be reunified, which meant Turkey needed to withdraw from the north-eastern part, something Ankara was loath to do. This set the stage for a dispute. The EU agreed to begin accession negotiations with Turkey, but they will not be concluded until the Cyprus issue is resolved. The EU is using Cyprus as an instrument for exerting pressure on Turkey.

Meanwhile, Turkish sentiment towards the EU has changed. Political developments in the country have diminished its prospects for joining, especially since the army's failed attempt to overthrow the government in the summer of 2016. President Erdogan has become increasingly authoritarian and has introduced a series of measures tightening the reins on civil society, universities, the justice system and opposition parties.

What's more, Turkey's foreign policy is pivoting towards the Middle East. The country has been heavily involved in the Syrian conflict, for instance. And because it is the country housing the most Syrian refugees, it also plays a central role in issues related to migration. The EU entered into an agreement with Ankara in 2015 whereby Turkey would accept more migrants in exchange for financial aid. Turkey helped a lot during the migrant crisis,

although President Erdogan has also used it as a political instrument: he regularly threatens to “open the floodgates” into the EU, which would cause huge problems for the continent.

The migrant crisis is one example of where peoples' lives are unfortunately being instrumentalised and used as geopolitical pawns. The way things currently stand, the prospects for Turkey being able to join the EU are slim.

This raises the question of why the accession negotiations have not simply been called off. The likely answer is because neither party wants to take the initiative to end them. The current ambiguity serves the interests of both sides.

Accession negotiations for Montenegro began in 2012 and for Serbia in 2014. Albania became a candidate country in 2014 and North Macedonia in 2005, but accession negotiations for these countries have not started yet. Discord within the EU itself is slowing the accession process: France is opposed to the enlargement and blocked the opening of talks in 2019. Things began moving again in March 2020, when the European Council agreed to open negotiations. A draft negotiating framework was presented to member States in July 2020.

Bosnia and Herzegovina and Kosovo are not yet candidate countries, but the EU has agreed to let them begin the accession process when they are ready. Both countries still have steps to take to meet the Copenhagen and Madrid criteria.

Geographical limits to enlargement

How far will EU enlargement go? It is an important, intriguing question tied closely to the issue of Europe's boundaries in general. And it is not easy to answer. The issue of the limits to enlargement did not need to be considered when the European community was first established during the Cold War. Back then, the EEC was made up of a handful of countries covering a growing

part of Western Europe but which never exceeded that sphere. It was only when the Cold War ended and the continent reunified that the issue arose, and soon became a problematic one.

One way to look at it is to distinguish between three types of countries. First, there are Western European countries that do not want to join but could probably start accession negotiations if they changed their mind; this group would include Iceland, Norway and Switzerland, for example. Iceland and Norway have been members of the EEA since it was established in 1994 and are happy with this arrangement; for now they do not intend to join the EU. Norway has rejected membership twice, in referendums held in 1972 and 1994. Iceland applied to join in 2009 after its economy was battered by the 2008 financial crisis but withdrew its application in 2015. Switzerland would prefer to continue with the bilateral agreements, although this approach is riddled with obstacles and pitfalls.

The Balkans are the second type of country. They still have a lot of challenges to overcome in transitioning their economies and governance systems, meaning their timeline for joining the EU is long and uncertain. However, there are, in theory, no questions about their eligibility to join; the EU is ready to begin accession negotiations provided they meet the criteria.

Today, EU member States are not as enthusiastic about enlargement as they used to be. The EU has spent the past 15 years bouncing from once crisis to another and is happy to put accession talks on hold for now. With regard to the Balkans, their membership should be just a matter of time and effort, but in reality, there is always a chance that something could derail the accession process. Especially since global powers outside the EU have been flexing their muscles and trying to sow division within the region. That is all part and parcel of geopolitics. China and Russia could be tempted to take advantage of strife within the EU to fill the geopolitical void in the Balkans. Both these powers are manoeuvring carefully and strategically, and the Balkans are clearly in their sights. For its part, the EU tends to reason more in economic,

political and institutional terms than in geopolitical ones when it comes to enlargement, although policymakers have become more attuned to geopolitical issues in the past few years.

The third type of country are the “problematic” ones, like Ukraine. This country became an independent republic in 1991 after the collapse of the USSR; due to its geographical location, history and culture, it is destined to be part-Eastern, part-Western. However, Russia traces its historical origins back to Ukraine and does not want to see the country fall within the Western sphere of influence. Ukraine itself is a divided country: the western part seems to support closer ties with Europe, while the eastern part appears to be closer to Russia.

This split is reflected in Ukraine’s domestic politics. The government initially tried to maintain close relations with Russia while keeping one eye to the West, but that changed with the 2014 Maidan Revolution. Ukraine’s new leaders wanted to move politically closer to Europe and join NATO, a step Russia found unacceptable. The situation deteriorated rapidly after 2014 and Russia began a military-style conflict on Ukraine’s eastern border, a region where tensions were high and Russia has fuelled separatist sentiment. Russia eventually annexed Crimea in violation of international law.

Ukraine’s economy is also on shaky ground. When the Cold War ended, the country was at the same stage of economic development as Poland. However, Poland – thanks to some deep-rooted changes to its economy along with its membership of the EU – was able to triple its real GDP per capita and improve the quality of life of its citizens in the space of just one generation. Over the same period, Ukraine stagnated. Absorbing Ukraine would be very difficult for the EU even from just an economic standpoint. And politically, in light of Russia’s hand in the country, it would be a quagmire. That is why talks on Ukraine joining the EU and NATO are not on the table for now, despite the wishes of the majority of Ukraine’s people and its leaders.

Here, it is worth mentioning Belarus, a former Soviet State that we could easily call Europe's last remaining dictatorship. Democracy is broken in the country, elections are not free, and its president, Alexander Lukashenko, has been in power since 1994. He claimed victory in the country's most recent presidential election in August 2020, but the EU refused to recognise his win and announced a series of sanctions. In the past, this part of Eastern Europe was called Byelorussia or White Russia, indicating its historical ties with Russia. Today the connection is still strong and Russia does not want to see Belarus pivot to the West. That may be what the Belarusian people want, but Lukashenko's government is keeping its dictatorship firmly in place, including through repression. Russia is clearly using its relationship with Belarus to further its own interests and doing everything it can to keep Lukashenko in power. Belarus is nowhere near on the same level as Ukraine in terms of domestic politics and institutions.

Geography has always been a key factor in shaping the European community. New members have joined regularly and further enlargements will likely occur in the coming years, but we do not know exactly where "Europe" will end. The future is by nature unpredictable. So far, Brexit, with all its ins and outs, has been the only narrowing of the EU.

3. Strengthening integration among member States

From a common market to an internal market

The first step in the strengthening of European integration was the transition from a common market to an internal market. The common market was a key element of the 1957 Treaty of Rome (which entered into force in 1958) and was based largely on a customs union: an area in which all tariffs, quotas and other barriers to trade were eliminated between member States. The common

market also established a joint policy for trade with outside countries so that member States could speak with a single voice and negotiate as a single trade bloc. The customs union and common commercial policy were introduced without much difficulty in the 1960s. These elements formed the foundation of the common market and established the free movement of all types of industrial and agricultural goods. The agricultural sector was given special treatment in the common market through protectionist clauses and a common agricultural policy to support local food producers.

In addition to the free movement of goods, the common market also allowed for the free movement of workers. The other elements of the market were harder to promote.

Policymakers were able to introduce the common market – and thereby strengthen European integration – fairly easily in the 1960s because it was a period of rapid economic expansion. This also set the stage for a virtuous circle, since deeper integration in turn boosts economic growth. But in the beginning, the auspicious economic climate made it easier to move forward with economic integration.

Another factor that helped was that member States' economies (six at the time) were structurally very similar. Economists have noted that this facilitates intra-industry (as opposed to inter-industry) trade, providing a further boost to integration. Europe experienced a golden age of economic expansion that lasted until the 1970s and during which the common market steadily took shape.

Things got more complicated between 1973 and 1984, as the economic climate deteriorated. After the Bretton Woods system collapsed and countries introduced floating exchange rates, many of them lost control of monetary stability and experienced bouts of inflation. The end of the golden age also marked the end of an economic utopia – the idea that you could have some inflation in return for strong GDP growth, and that this inflation could be kept under control.

The 1970s therefore saw chaos in the currency markets, coupled with a series of supply shocks. This structurally dampened GDP growth and lifted unemployment. Economists began to grasp the full effects of these shocks only in the latter half of the 1970s. It was a tough period for member States' economies, and also for their policymakers. Output was no longer expanding like it had been; countries were experiencing years of recession and skyrocketing unemployment; and inflation was a persistent threat. Economies had entered the no-man's land of stagflation, i.e. stagnant GDP growth coupled with high inflation. Such conditions were in no way favourable to seamless economic integration.

This and other factors created a series of political and institutional challenges starting in 1973 that ushered in a bleak period for integration (at this point the EEC had nine members). Crises can often be a catalyst for positive change, but sentiment at the time was mostly negative. News articles began appearing regularly in 1974 hypothesising the end of the common market. While it is true that commitment to the European project had waned, and perhaps some alarm bells were going off, the European community was far from collapsing. Cassandras have been predicting its downfall ever since it was first established, but those predictions have never materialised. While the European community has not always developed according to plan or in a linear fashion – it has often been a case of two steps forward, one step back – the integration process has proven more resilient than one would have thought from reading certain editorials or taking a short-term view.

That said, in 1984 the European community was in poor shape. The first signs of a turnaround came with the agreement reached that year on the UK's budgetary contributions. Sentiment picked up further with the programme to transition from a common market to an internal market. The aim was to give further impetus to economic integration, and this was to be achieved through a series of around 300 measures between 1985 and 1992.

The internal market concept was formally established with the 1986 Single European Act (SEA), which was the first major revision of the Treaty of Rome and entered into force in 1987. It defined the internal market as “an area without internal frontiers in which the free movement of goods, persons, services and capital is ensured”.

Within the European community, there was broad consensus on the idea of establishing an internal market. The requisite framework was provided through the SEA along with a 1985 white paper on “completing the internal market” and the ambitious eight-year programme. These efforts proved highly successful, and by spring 1988 mindsets in Europe had changed, kicking off a new period of “Europhoria” (a portmanteau of Europe and euphoria).

The internal market – which continued to expand after 1992 – has been the core, essential achievement of the European project and a key element of economic integration.

Common policies

The second dimension in the strengthening of European integration was the adoption of common policies across the EC/EU. The Treaty of Rome put forth policies in three main areas:

- Foreign trade, through the trade bloc established by the customs union.
- Competition, by forbidding cartels and the abuse of dominant market positions; here, the underlying idea was that competition is not something that emerges spontaneously and is self-perpetuating, but rather is a necessary condition for a functioning economy and one governments must take care to create and maintain. The Communities were therefore given considerable powers to ensure competition.
- Agriculture, through the common agricultural policy (CAP).

Policies were introduced in other areas in subsequent years to support the development of the common market and the transition to an internal market. The adoption of common policies picked up in the 1980s as the internal market took shape. These policies now cover the following areas:

- Employment and social affairs (although measures in this area are still limited).
- The environment.
- Public health.
- Consumer protection.
- Transport.
- Energy.
- Research and development.
- Education.
- Culture and the arts.

The EU does not have exclusive jurisdiction over these policies, apart from those for trade and competition. Its jurisdiction is shared, or in some cases supplemental. Developing the common policies and working them into EU treaties has required achieving a consensus among member States, with the goal of acting in accordance with nations and not against them.

The single currency

The third dimension in the strengthening of EU integration was the creation of a monetary union, whose foundations were laid out in the 1992 Maastricht Treaty. This treaty outlined the path

towards and conditions for such a monetary union. The path would not be easy, as previous attempts at creating a monetary union had failed. But things fell into place in the 1990s and the euro was officially launched in 1999. However, adhesion to the currency bloc was (and still is) patchy. Some member States prefer to keep their national currencies and claim to not meet the euro's requirements. New EU member States should in principle adopt the euro when their economies are ready, but there is no real obligation. The EU does not require member States to join the currency bloc, since the criteria are strict and not always easy for countries to meet. Eleven countries adopted the euro when it was first introduced. Today, after the successive enlargements, 19 of the 27 member States share the single currency. And of the 27, only Denmark is officially exempt.

Introducing a single currency was an extremely important milestone because it cemented the economic integration among member States. Nations view their currency as an important part of their sovereignty, so getting EU countries to agree to expand the union's scope to include monetary aspects was a decisive achievement.

The monetary union ideally would have included elements of an economic union from the very start, but the notion of an economic union was addressed only marginally in the Maastricht Treaty, since the necessary political consensus was lacking. This also explains why common economic governance was so weak and barely functional in the 2000s. The post-2008 crisis proved to be an existential threat to the euro. Even though it was a solid currency that met price stability objectives, some speculators viewed certain eurozone countries, like Greece, as weak links in the chain, putting pressure on their economies. A break-up of the euro surfaced as a possibility during the moments of greatest tension between 2010 and 2015. But because this was something member States wanted to avoid, they pulled together and took a series of measures that moved further towards an economic union.

There were several elements to this economic union. First, it included (re)instating a set of rules on fiscal budgets: if a member State manages its public finances poorly, that could create tension and impact the single currency. Second, it involved better coordinating economic policies among member States and setting up a surveillance system to identify any major macroeconomic imbalances. Such imbalances could arise if, for example, a country's economy overheats and its construction industry gets carried away, creating an excess supply of housing. In that case, the EU would have the role of identifying the imbalance and alerting the country's policymakers. Third, it comprised a banking union with supervisory and resolution mechanisms – that is, a supervisory authority for overseeing banks and capital markets along with a mechanism for resolving banks in a crisis to prevent a cascade of bankruptcies (which would ravage the financial system, as citizens could see their savings evaporate and governments would have to step in, digging a hole in fiscal budgets). Fourth, it included the European Stability Mechanism (ESM), established in 2012 to replace a temporary mechanism introduced in 2010. The ESM was designed in response to the post-2008 crisis and created a way for member States experiencing severe financing problems to obtain financial assistance provided they implement certain reforms. It has some elements of a carrot-and-stick approach but is based chiefly on the principle of solidarity towards member States in difficulty. This solidarity was reinforced through two EU programmes adopted in April and July 2020 (a support package and recovery plan) that increased the level of interdependency among member States' finances and economic policies.

The single currency, which was introduced in 1999 based on a federal approach, further deepened the economic union in a way that could not be achieved politically at the time. The economic union was anchored further in the 2010s in the wake of the financial and economic crisis. And the 2020 pandemic also served to strengthen solidarity mechanisms among member States.

Area of freedom, security and justice

The fourth dimension in the strengthening of European integration was the creation of an “area of freedom, security and justice”. Justice and home affairs constituted the third pillar of the Maastricht Treaty. Following the introduction of the internal market in late 1992 and with the goal of eliminating borders within the EU, additional measures were taken to fully remove those internal borders while shoring up the EU's outer borders. The single currency was a consequence, or you could say a spill-over effect, of the single market, as were the breaking down of internal borders and the progress made in cross-border police and judicial cooperation.

In other words, the development of the euro and the increased coordination in justice and home affairs in the 1990s were consequences of the single market. The various steps in European integration thus began to come together. When the Maastricht Treaty was being drafted, member States saw it would be useful to cooperate on these issues but were not yet ready to cede authority to a supranational body. That is why justice and home affairs were treated as a third pillar – i.e. an intergovernmental pillar – of the Maastricht Treaty in the 1990s; member States coordinated their efforts through joint institutions but retained their sovereignty. Each member State had a right of veto on these issues. But then external factors forced the EU to go further, and what had been the third pillar of the treaty became increasingly incorporated into the first pillar. In 1999 the EU began to establish a common framework for issues related to justice and home affairs and introduced a series of measures to create what has come to be called an “area of freedom, security and justice”. The Schengen Agreement and Dublin Regulation are the most emblematic of these measures.

The Schengen Agreement was established outside the structure of the EU through a treaty signed in 1985 and implemented in a 1990 convention that went into effect in 1995. The agreement proved to be effective and was eventually integrated into EU law. It eliminated border checks between member States, with the corollary of

strengthening checks at the EU's outer borders. But in practice, the EU seems to have been more successful at removing internal borders than beefing up its external ones. The issue of border checks with countries outside the Schengen/Dublin area has become of critical importance. We can objectively say that border checks have got stronger over the past few years; the common denominator among member States is a desire for the EU to offer greater protection and build higher barriers with the outside world.

The Dublin Regulation covers the issue of how asylum seekers are handled across the area. It stipulates that the country in which an asylum seeker first arrives is responsible for recording the asylum seeker and lodging their claim. If the asylum seeker subsequently travels to another country in the Dublin system, this country would see in the official records that the asylum seeker first arrived in Italy, for example, and could send them back to that country. The goal was to streamline the asylum claim process by making a single member State in charge of each asylum seeker. The problem is that this approach puts a greater burden on countries in Southern Europe, which are the first point of call for most immigrants. These countries feel that solidarity within the EU is lacking when it comes to this issue. Discussions are under way to reform the Dublin system.

There are currently 26 countries in the Schengen/Dublin area: 22 of the 27 EU countries plus the four countries in the European Free Trade Association (EFTA). That means five EU countries – Ireland, Cyprus, Bulgaria, Romania and Croatia – did not want or were unable to join the area, while the four EFTA countries – Norway, Iceland, Switzerland and Liechtenstein – did. This shows that the EFTA is actually quite close to the EU. Three of the four EFTA countries are also members of the EEA and therefore full members of the single market and have adopted some of the EU's common policies. Switzerland did not wish to join the EEA but has entered into a series of bilateral agreements with the EU. The free movement of people is a key element of these bilateral agreements; EU citizens can live and work in Switzerland provided they have the means to support themselves. Switzerland became part

of the Schengen area in 2005; the country wanted to join due to its central location in Europe and because this could help significantly in dealing with issues related to security, immigration and asylum seekers.

Here, we can see the variability in European countries' adherence to the different elements constituting the European community. Only 19 of the 27 EU member States have adopted the euro, for example. But to adopt the euro, a country must be an EU member State. Other countries can peg their currencies to the euro and keep their exchange rate fixed, but neither the EU nor the eurozone would be bound by such a peg. And when it comes to the Schengen/Dublin area, not all EU member States are in it, but some countries outside the EU (and with close ties to the EU) are.

Common Foreign and Security Policy

The fifth dimension in the strengthening of European integration was the adoption of the Common Foreign and Security Policy (CFSP). Before 1970, there was no system in place for member States to coordinate foreign policy issues. That year, the member States (six at the time) established the European Political Cooperation (EPC) – a mechanism for discussing such issues, but outside the official EEC institutions and treaties. The EPC was an ad-hoc mechanism with no legal basis and therefore entirely intergovernmental. Countries discussed various issues but made no binding commitments. This form of cooperation was formalised in the 1987 Single European Act, but member States' sovereignty on foreign policy remained intact.

The CFSP was known as the second pillar of the Maastricht Treaty and eventually became one of the EU's common policies. However, unlike the other policies, it was still purely intergovernmental. Member States realised it would be helpful to discuss foreign policy and, in some cases, outline a common approach, but they preferred this to be done on a voluntary basis with no obligations.

Today the CFSP is no longer referred to as the second pillar of the Maastricht Treaty because the pillar structure was eliminated when the Lisbon Treaty entered into force in 2009. However, the CFSP's fundamental nature has not changed: it is still completely intergovernmental and does not infringe on member States' sovereignty. It is a joint but not supranational initiative. There is also NATO, which plays an important role in assuring the security of 21 of the 27 EU member States.

That said, some things have changed since the Maastricht Treaty entered into force. Foreign policy coordination has developed in interesting ways, even if not in the direction of a supranational prerogative. One such development was the creation of the position of High Representative of the Union for Foreign Affairs and Security Policy (who is basically Mr or Ms "EU Foreign Policy"). This position was initially created through the Treaty of Amsterdam in 1999 and then restructured and expanded under the Treaty of Lisbon. The High Representative is similar to a secretary of state for foreign affairs, but without the formal title or obviously the same level of authority. The EU also set up a diplomatic service, called the European External Action Service (EEAS), in 2011, along with a series of intergovernmental coordination committees within the Council. It also created a system of EU battlegroups for rapid response and deployment, but so far they have never been used.

The EU has carried out more than 30 missions since 2003 in neighbouring countries and countries further afield, spanning all continents except Australia, North America and South America. This shows that the EU, whose structures are much more civilian than military in nature and whose missions have been modest in scope, is becoming a significant player in global security, albeit mostly in the role of peacekeeper. The union has neither the legal backing nor the operational bases to carry out large-scale military interventions or to declare and conduct war.

Progress has been made concerning the CFSP, although the limits to further integration are strong. Member States want to keep control of their foreign policy, defence and security.

Today the EU spans a wide range of activities. Of course, not all of them are supranational. Some aspects of public policy are supranational while others are intergovernmental.

The EU budget

As money is what often makes policy implementation possible, it is also worth looking at the EU budget. It has expanded over time and today stands at around €170 billion per year. But is that a lot or a little? For comparison, it is nearly 2.5 times Switzerland's federal budget, but Switzerland has 8.5 million residents whereas the EU has close to 450 million. The EU is not a federal state. It is a union of countries that comprises both confederal and federal aspects. Its budget may seem large in absolute terms compared with Switzerland's, but it is actually small for 450 million people.

The US has around 330 million residents and a strong federal government that spends heavily. Its annual budget is some US\$4.4 trillion. That means the ratio between EU and US spending is 1 :25 – for each euro Brussels spends, Washington spends 25. On this basis as well, the EU's budget seems small.

The key difference is that the EU is not a federal state. There are also differences in what the main budget items are. The EU does not spend money on things that fall within the remit of member States. Its main budget items are the CAP, regional policies and R&D. These relate to common policies that have long been prioritised in the European project.

Since the late 1980s, the EU (or the EEC until 1993) has had seven-year budgeting cycles in addition to its annual budgets. Each budgeting cycle gives rise to epic rounds of negotiations. These negotiations are intergovernmental in nature, since member States must agree unanimously on the budgeting framework. This is an eminently confederal aspect of the EU.

In addition to a consensus among member States, the European Parliament must now also approve EU budgets. This puts the European Parliament on the same level as the Council (as far as budget approval is concerned), creating a bicameral system. In comparison, federal budget approval in Switzerland is required from the National Council and the Council of States but there does not need to be consensus among the cantons. EU member States and institutions recently completed negotiations for the 2021-2027 budgeting period. It took several rounds of difficult talks before the white smoke eventually appeared.

One factor that complicated these negotiations was that Brexit had reduced the amount of funds available, since the UK was a net contributor. The country had been paying more into the EU than it got out, despite Margaret Thatcher's 1984 agreement.

Another factor was that member States did not all agree on a budget increase. The budget is currently around 1% of the EU's total GDP, meaning that for every €100 in output produced by member States as a whole, €1 is put towards the EU budget. European policymakers wanted additional funds to pay for new policies and programmes, such as the European Green Deal, digital technology initiatives, efforts to strengthen its outer borders and a more ambitious security policy. The risk was that the EU would not have enough money to achieve its ambitious goals.

Professor Iain Begg at the London School of Economics described an "EU budget trilemma" in which only two of the three EU budgeting objectives can be met at any given time. The three objectives Prof Begg identified are:

1. Net contributors want to reduce EU spending and contribute less.
2. Net beneficiaries – especially French and Polish farmers and beneficiaries in some less developed parts of Central and Eastern Europe – want to retain most of these expenditure flows.

3. Prospective new recipients want to see their priorities reflected in the spending from the EU budget.

This means that either the EU increases its budget to fund both new and existing policies, or it keeps its budget the same and funds existing policies without allocating money to new ones (or vice versa).

The most recent budget negotiations stalled in February 2020 when the pandemic first emerged causing a public health crisis along with major social and economic hardship. The pandemic deepened the rifts between two groups of countries. On the one side, there were what could be called the frugal or even sometimes "tight-fisted" member States (Germany, the Netherlands, Austria, Denmark, Sweden and Finland). These were mostly Northern countries with prosperous economies; although net contributors, they have benefited considerably from the EU's economic integration and single market. That said, the EU brings economic benefits to all member States, including the UK, which decided to leave for other reasons.

On the other side of the divide were countries hit particularly hard by the pandemic. These were generally Southern and Eastern European countries, including new member States that received quite a bit of financial aid from the EU. While the Northern countries wanted to keep a lid on spending, those to the south and east hoped to see the expenditure continue – and the budget to expand accordingly.

When the pandemic escalated in March 2020, nationalist tendencies took hold and the EU seemed largely absent. That is when the critics came forth – somewhat unfairly, since it was the member States themselves that did not want to provide funding. However, things turned a corner in April 2020 when the European Council passed a €540 billion support package.

At this point, EU policymakers realised they needed to get moving on a recovery plan, since the pandemic was likely to impact

the economy severely and could even trigger a deep, extended recession of either an L shape (a sharp drop in GDP followed by a period of stagnation) or a W shape (a double-dip recession). Neither of these scenarios was desirable. The recovery plan was therefore designed to redress the economy and restore equilibrium. While member States were already accustomed to recovery plans, they realised they needed to go further with this one and make it EU-wide, in light of the magnitude of the pandemic and the interdependence among member States.

Germany's about-turn in May 2020 was striking. Germany and France put forward proposals for a recovery plan that the European Commission used as a basis for the draft plan it submitted to member States through the European Council. The proposal was for a €750 billion package consisting of both grants (which do not have to be paid back individually by member States) and loans (which do). No agreement was reached at an initial European Council meeting in June 2020; another meeting was held in July and ended up lasting four days, since it was necessary to obtain the consensus of everyone involved. The European Council is an intergovernmental body, which makes decision-making much harder. But it eventually (and laboriously) reached an agreement by reducing the share of grants and increasing that of loans. In the end, the split was €390 billion in grants and €360 billion in loans.

To fund the recovery plan, member States agreed for the first time to let the European Commission borrow funds directly in international capital markets on behalf of member States. These funds will be repaid using EU taxes to be levied in the future; these taxes could be on plastic bags, for instance, aeroplane tickets or financial transactions. The recovery plan will double the EU's budget for the next seven-year period. What makes the plan new and completely revolutionary is that member States agreed not just to double the budget, but also to raise debt jointly in international markets, allow the European Commission to coordinate and manage the issuance, and levy EU taxes to repay the funds.

This marked a major shift in EU funding. Member States agreed to these exceptional measures in response to an unprecedented global crisis – but on an ad-hoc basis. There is no obligation to renew them in the future. For those who view the EU as an exercise in intergovernmentalism, the recovery plan is an important step forward in EU cooperation, but it is nonetheless a one-off decision that does not establish a precedent. However, for those with a more supranational view, the plan does establish a precedent and will make it easier to introduce similar programmes in the future.

Discussions on the support package and recovery plan took place in parallel with the seven-year budget negotiations in both the Council and the European Parliament. The main question was whether the recovery funds should be tied to a rule-of-law condition. This issue has become increasingly pertinent in recent years, since the EU's role as a political union has been accentuated in its treaties. These treaties now contain clauses on the rule of law in member States and how it is monitored through the EU's legal instruments. The European Commission issues regular reports on how well member States respect the rule of law and points out any weaknesses, such as reforms to the legal system that handicap judges' independence, measures that limit the freedom of the press, or rules that restrict civil society and civic organisations by imposing constraints that limit their ability to raise outside funding. There are a number of areas in which governments can obstruct the rule of law.

Today, it is mostly the member States in Central and Eastern Europe that are sensitive about national sovereignty. Many of them just left the Soviet sphere of influence and do not want the EU to interfere in their domestic affairs or their rule of law. In the recent negotiations, countries like Poland and Hungary (which claim to adhere to the rule of law) stated that the Council and Parliament had gone too far and were interfering excessively in their national policies. Two camps had formed, but nobody wanted the negotiations to fail or to be held responsible for such a failure. After lengthy discussions, a compromise was finally found in the latter part of 2020. The resulting agreement was consistent with the EU's principles but allowed for greater flexibility in how they were implemented.

To conclude this discussion of the EU's activities and how they are funded, it is worth discussing a viewpoint that had gained ground in the UK in the decades before Brexit. Some in Britain believed that the EU's scope had expanded too far and that it was interfering in too many things. They felt some EU powers needed to be reframed, with certain prerogatives returned to the national level.

It is an important issue with broad ramifications. Even today, there is debate on just how active the EU should be. Some worry there is a void in the EU – that it is largely absent in key areas like international affairs – while others do not want to see a stronger EU. And still others feel that some EU-level policies should be managed at a national level. Given the many different levels involved in European governance, it is worth considering which level is best suited to individual policies. Take education, for example: should this aspect of public policy be overseen by EU institutions or member States? For now, education falls within the remit of member States and the EU has a supporting role. In the run-up to the Brexit referendum, David Cameron wanted to promote the British point of view and obtain concessions that would repatriate certain public policies to the national level.

Some observers claim that national parliaments have been left by the wayside and do not have enough power within the EU. This is consistent with the view that the EU's scope has expanded too far and its institutions have become too dispersed. But existing member States, which are part of an organisation made up of institutions and public policies that make the countries interdependent, obviously prefer to act within the existing EU framework. Even the UK civil service a few years ago was unable to clearly state which public policies should be returned to the national level.

4. A path strewn with crisis and recovery

While any attempt at dividing the EC/EU's development into distinct periods is by nature arbitrary, we can broadly identify ten

periods of crisis or recovery since it was first formed in 1950 – bearing in mind that steps forward can be taken even during times of crisis and roadblocks can appear even during times of recovery.

The ten periods we identified are:

1. 1950 to 1954 – a period oriented mostly towards recovery.
2. 1954 to 1957 – a period characterised mostly by crisis.
3. 1957 to 1963 – a period of recovery.
4. 1963 to 1969 – a period of crisis.
5. 1969 to 1973 – a period of recovery.
6. 1973 to 1984 – a period of crisis.
7. 1985 to 1992 – a period of recovery.
8. 1992 to 1995 – a period of crisis.
9. 1995 to 2005 – a period of recovery.
10. Since 2005 – a period of crisis.

For the purposes of our study, we have grouped these periods into the following six cycles of crisis and recovery along the path towards European integration:

1. First cycle: the first four years of the European community, from the 1950 Schuman Declaration that first put forth the idea, through to the crisis triggered by the European Defence Community's failure in 1954.
2. Second cycle: the 1954-1957 crisis followed by the 1957-1963 recovery.

3. Third cycle: the 1963-1969 crisis followed by the 1969-1973 recovery.
4. Fourth cycle: the 1973-1984 crisis followed by the 1985-1992 recovery.
5. Fifth cycle: the 1992-1995 crisis followed by the 1995-2005 recovery.
6. Sixth cycle: the current crisis, which began in 2005 and from which the EU has not yet completely recovered.

The crisis periods make up 40 of the European community's 71 years of existence. That means the EC, and subsequently the EU, has spent more than half of its life grappling with some sort of crisis. It also shows that the process of building what is today the EU has been neither simple nor straightforward and has included more periods of pessimism than of optimism and positive momentum. In this section, we will look at each of the six cycles in detail, tracing the path of European integration from the 1950s on.

First cycle: 1950-1954

The year 1950 was one of threats and crises, prompting Jean Monnet and Robert Schuman to put forth their idea. Their proposal addressed the following four main challenges.

The first was to determine the role that West Germany would have in a community of Western European nations. After Germany lost the war in 1945 through an unconditional surrender, it was divided along Cold-War lines in 1949 into two States: the German Democratic Republic (East Germany) and the Federal Republic of Germany (West Germany). At that point, West Germany still sparked fear among its Western European neighbours, and its place in the community was not yet clear.

The second was to pacify relations between France and Germany. The two countries had been adversaries (often visceral ones) for centuries, as reflected in the 1870-1871 Franco-Prussian War and the two world wars. The animosity between them had deep historical roots.

The third was to prevent a resurgence of protectionism. After a period of mostly free trade, Europe saw a revival of protectionism in the 1930s – and Europeans were still scarred by the consequences. They associated protectionism with tension, conflict and eventually war. Therefore the goal with the European community was to create a new international order based on free trade that would help keep protectionism at bay.

The fourth was to prevent war from breaking out between Eastern and Western powers. This was during the Cold-War era, so the geopolitical and strategic rivalry between communist and capitalist systems was strong and had even led to an arms race. In this noxious climate, many feared that a third world war was just around the corner.

In response to these challenges, European countries joined together and set up the European Coal and Steel Community (ECSC), which initiated the first period of recovery and laid the foundations of the European community.

Second cycle: 1954-1963

Roughly four years later, in 1954, three challenges emerged:

1. Responding to the failure of the European Defence Community and the associated plans to create a European Political Community.

2. Enabling the rearmament of West Germany without creating a threat to its Western neighbours. Western powers felt this rearmament was essential so that West Germany could contribute to defence efforts during the Cold War.

3. Keeping the nascent process of European integration on track. A handful of intergovernmental cooperation organisations had been set up between 1945 and 1949, such as the Organisation for European Economic Cooperation, NATO and the Council of Europe. These organisations played an important role but were not supranational.

European countries held a conference in Messina in 1955 that took a first step towards resolving these issues. The Messina Conference led to the 1957 Treaties of Rome, which established the European Economic Community (EEC, or the common market) and the European Atomic Energy Community (Euratom). It marked a turning point in European integration, orienting the process towards more of an economic union than a political one. We could call this a neo-functional approach – that is, an approach geared towards specific technical and economic functions that the union was to serve. The political objective, which had featured so prominently in the Schuman Declaration, began to dwindle in importance. A political element nevertheless remained and was reflected in the European community’s supranational aspects. The preamble to the Treaty of Rome describes its objective as “to lay the foundations of an ever closer union among the peoples of Europe”.

This phrase echoes that in the preamble to the US Constitution: “in order to form a more perfect union”. Here it is interesting to consider the similarities and differences between the two sentences: does one stress qualitative aspects and the other quantitative aspects?

The neo-functional approach could also be considered a kind of “backwards federalism”. If the quintessential element of the European project – the European Political Community, which

included the European Defence Community – had been successfully created, the function of defence would have shifted from the national to the federal level, and with it the function of foreign policy. Because all the countries involved were democracies, the associated political institutions would have been stable and part of an overall federal system, like when the US was founded in 1787 and Switzerland in 1848. However, there was no consensus among the six member States at the time to set up this kind of federal system. France in particular opposed, and its lower house of parliament rejected the European Defence Community in a vote on 30 August 1954.

The end result was that the European community became focused more on technical and economic factors than on building a European federation. However, the idea of a federation had not disappeared entirely, which is why we can call it a “backwards” path to federalism: policymakers realised it was impossible to start straight away with a complete political union, so they took a step-by-step approach with the underlying goal of achieving a federalist system.

In addition to the Messina Conference, the other main achievement after 1954 was the rearmament of West Germany through its membership of NATO. At the time, defence was managed either at a national level by individual States or at a transatlantic level through NATO, but there was no European level in between. And this division still exists today; even in 2021, the EU does not have a genuine, independent defence system.

Third cycle: 1963-1973

The 1960s were marked by General Charles de Gaulle’s presidency of France. He returned to power on 1 June 1958 amid the mayhem of the Algerian War. He quickly went about setting limits on European integration, which resulted in an almost permanent state of acrimony between France and the other member States from 1963 onwards.

France's economy and finances were in a poor condition when de Gaulle took office in 1958. He saw that France's economy needed to be modernised, since its structures were archaic, and he introduced a series of reforms known as the 1958 Pinay-Rueff reforms. They were fairly severe and encompassed higher taxes, lower public spending and a new currency. De Gaulle realised that being part of the European community could make it easier to implement the reforms in France and bolster the country's economy.

Indeed, he was fully aware of how important the economy was. Another advantage of the common market being established at the time was that it was limited to six nearby countries – it would not expose France to too much of a competitive shock. There would also be a 12-year transition period before the common market was fully implemented and the barriers to trade fully removed⁶. De Gaulle had seen that among the common policies set forth in the Treaty of Rome, the common agricultural policy would be particularly beneficial to France. That is why – against all expectations – he threw his support behind the common market.

That said, France's signing of the Treaty of Rome was possible only under the Fourth Republic. It is unlikely that de Gaulle as president would have consented to it. And it was only under the Fifth Republic that France could be further integrated into the European community. The Fourth Republic was structurally and politically weak and would not have been able to pass the economic reforms necessary to face the competitive shock.

Not long after coming to power, de Gaulle launched an initiative for political integration: the Fouchet Plan. This plan was debated in the Communities from 1960 to 1962. It aimed to create a mechanism for political cooperation among the six heads of state or government, with their joint efforts coordinated by a permanent secretary housed outside EC institutions. Fouchet's working group presented an initial proposal in November 1961. De Gaulle did not

⁶ The transition period ended up lasting ten years.

like it; he reworked it and softened the edges a little. The other member States were not happy with the proposal either and made a counter one. But the talks stagnated and the Fouchet Plan never came to fruition.

The other member States were concerned that the Fouchet Plan – which was intergovernmental in nature – would stifle their hopes that the nascent (and still fragile) European community would one day have a supranational reach. France was constantly at loggerheads with the other member States in the 1960s, since de Gaulle's attitude was at odds with that of the other political leaders. Tensions peaked in January 1963 when France refused to let the UK join the Communities.

Despite its earlier reluctance, the UK had requested to join in July 1961, after seeing how well the EEC was working. But the accession negotiations dragged on amid a series of political developments. British Prime Minister Harold Macmillan met with US President John F. Kennedy in Nassau, the Bahamas, in 1962; the UK was having trouble funding the development of its Skybolt missile and the United States, as part of its Cold-War strategy, offered to supply its Polaris missile to the UK and subsequently to France. Macmillan, all too aware of his country's financial troubles, agreed but a furious de Gaulle refused. This was partly because de Gaulle was resentful of the way the US had tried to sideline France in the Second World War, but also because France under the Fourth Republic had started a programme to develop nuclear weapons. This programme was a top priority for de Gaulle, as he believed having atomic capabilities would project France's national strength and renewed sovereignty on the international stage. De Gaulle wanted France to be independent of the US and of course the USSR, but that would not be possible if France's nuclear weaponry was linked to US missile technology.

For de Gaulle, the fact that Macmillan accepted Kennedy's offer was proof that the UK had a different world view. De Gaulle now saw the UK as America's Trojan horse. In a widely followed press conference on 14 January 1963, he unilaterally terminated the

UK's accession negotiations – without consulting the other member States first. This created tension and poisoned the atmosphere within the European community.

The January press conference marked a turning point. Jean Monnet broke ranks with de Gaulle, criticising both his views and his manner of acting on them. The year 1963 was also one of hidden agendas and false pretences. The French president wanted to strengthen ties with West Germany, and therefore proposed that the two countries sign a treaty of friendship (the Elysée Treaty) in January 1963. This treaty further cemented reconciliation efforts between the two countries, building on those initiated in 1950 with the Schuman Declaration, which was when France first reached out to West Germany so they could move forward on an equal footing. De Gaulle therefore did not initiate the reconciliation, but rather he continued it. However, his goal with the Elysée Treaty was just as much to pull West Germany away from the United States as it was to bring it closer to France.

That explains why de Gaulle was so angered by the Bundestag's vote in May 1963 to ratify a preamble to the Elysée Treaty that stressed the importance of transatlantic relations and especially relations with the US. This preamble undermined his intentions with the treaty. Some policymakers in West Germany did not want the country's closer ties with France to interfere with its transatlantic relations, because they saw the US as a sort of big brother who could protect West Germany from the Soviet threat. In the 1950s, the Soviets had dangled the prospect of a reunified but neutral Germany. That is, Germany could reunite but in return it would have to leave the Western sphere of influence.

West Germany's policy in the 1950s and 1960s was to refuse all dialogue with East Germany (which it did not consider a legitimate state) and all countries that recognised East Germany. This policy changed when Willy Brandt became chancellor in 1969. He supported direct dialogue with both East Germany and the USSR, pursuing what was called *Ostpolitik*, a policy that was oriented towards the East without turning its back on the West.

After the turbulent events in 1963, another storm broke out in June 1965: the Empty Chair Crisis. It lasted for seven months until the Luxembourg Compromise in January 1966. The crisis originated during talks to flesh out the common agricultural policy, which was very dear to the French. The European Commission put forward proposals for how the policy would be funded, but also wanted to grant additional powers to the European Parliament, since the new policy would be a supranational one. That is, the Commission wanted to expand the powers of the supranational body that would be overseeing this supranational policy. But even though de Gaulle supported the common market, he did not want the common agricultural policy to become a vector for building a supranational union.

A further dispute arose with regard to a Treaty of Rome provision stating that as of 1966, some Council of Minister decisions could be taken by a qualified majority rather than a unanimous vote. This meant France could theoretically be outvoted by the other member States and forced to accept their decisions. This was unacceptable to de Gaulle, a staunch intergovernmentalist. France therefore officially boycotted Council of Minister meetings, hence the name "Empty Chair".

Things changed somewhat with the French presidential election in late 1965. De Gaulle felt no need to campaign that year, since he thought he was already highly popular among French voters and his policies had been clearly explained and widely accepted. However, when the results came in from the first round of voting, he was shocked to see that the election would go to a run-off. He was eventually elected in the second round, but with "only" 55% of votes. It was a solid showing, but disappointing for de Gaulle who was convinced he would be elected in the first round. He therefore decided to ease back a little in European affairs and agreed to the Luxembourg Compromise in January 1966. It was not an "agreement" in that no solution had been found, but the parties did agree to disagree so that they could bury the hatchet and move forward.

France's relations with the UK soured again in 1967. Britain once again applied to join the European Communities, and de Gaulle once again put up a veto. He claimed it was for economic reasons associated with the weak British pound, but his real motivation was likely political.

Two perspectives emerged in the 1960s as to how the European community should develop. On the one side, there was de Gaulle's perspective; on the other, that of the other five member States. In his memoirs, Jean Monnet called the period from 1963 to 1969 "the years of patience", since the other heads of government had to be patient and put up with de Gaulle. De Gaulle could prevent the UK from joining the club as long as he was France's president, but they hoped his successor (even though he was a Gaullist himself) would turn out to be more flexible.

De Gaulle believed the European community should be drawn on strictly continental lines. He did not view the UK as a European country, due to its geography but also its history and culture. Moreover, he believed the United States should eventually withdraw fully from European affairs, and that Russia should be a partner country to Europe but not a dominant one. De Gaulle's vision was for Europe to be a third power that could defend its neutrality and that would be assumed to lie neither with the US nor against the USSR. What he did not want was for the European Communities to have supranational institutions that could take decisions against France's wishes and impose them on France. His goal was to form institutions that were oriented more towards collaboration than integration, and his hope was that through these institutions, coupled with sufficiently strong will, France would sit at the head of this third world power.

However, the other member States and Monnet had another vision in mind. They believed the UK should be part of the Communities given that it was already a member of the European family due to its geographical location, history and long tradition of democracy. What's more, they wanted Europe to maintain close ties with the US in order to fend off any Cold-War threats. Politically, the other

member States and Monnet would have liked to see the Communities move towards a federal model. They believed European countries should transfer some of their sovereign powers to the supranational level in order to build a strong, united Europe that would be an important player on the international stage.

In 1964, Monnet's Action Committee for the United States of Europe suggested expanding the European community's scope to the areas of foreign policy and defence. Monnet believed Europe should be capable of dealing with the US as an equal partner: a united Europe should not be subordinate to the United States. He felt it was precisely because Europe was weak and divided that it could not negotiate as an equal with its transatlantic peer. If Europe was strong and united, he thought, this would create a solid Western bloc to stand up to the Eastern bloc and help maintain world peace. Monnet's vision never materialised.

De Gaulle's veto meant the UK did not join the European Communities until 1973. Then, it was much less integrated than Monnet would have liked. The UK was a source of major complication for the EEC and later the EU, right up until Brexit. And the US has remained a player in European affairs because member States wanted to hold onto the attendant security guarantee. Even today, Europe's close relationship with the US is seen as a form of protection. The European community never became a federal entity that could deal with the US on an equal footing, because the path Europe took towards integration did not give it a strong enough single voice.

In short, Europe went through major crises in 1963 and 1965. The 1963 crisis had two main consequences: the UK had to wait ten more years to join the Communities; and barriers were thrown up to forming a political union and establishing a strong common policy for defence and foreign affairs. These barriers still exist.

The 1965 crisis was an institutional one and led to three main developments. One, the Luxembourg Compromise was reached in January 1966 whereby France and the other member States

agreed to disagree. Two, the introduction of majority-based voting at the Council of Ministers was delayed for a good ten years (it was finally adopted in the latter half of the 1970s, but there is no real time that can be pointed to as the moment when the Luxembourg Compromise was revoked). Three, the European Commission's capacity to move forward was handicapped for some 20 years. EEC Commission President Walter Hallstein of Germany disagreed strongly with de Gaulle in 1965 and 1966. For his part, de Gaulle did not want Hallstein to remain president, and Hallstein eventually resigned in 1967. This left the European Commission structurally weaker; it did not regain its influence until the few years starting in 1985 when Jacques Delors of France was its president.

The recovery part of this cycle began in 1969 when de Gaulle stepped down as France's president. He had lost a referendum which he himself had called in an attempt to restore legitimacy after the May 1968 protests. However, in the referendum, French citizens rejected de Gaulle's proposed reforms of the Senate and regional authorities. He resigned as soon as he saw he had lost the support of the French people.

Georges Pompidou thus became France's president in June 1969. In December, he held a summit of EC member States in the Hague in order to restart the European integration process. Pompidou lifted France's veto on the UK's accession; Britain duly signed an accession treaty in 1972 and officially joined in 1973.

At the Hague summit, the heads of state or government also discussed how they could form an economic and monetary union in response to the chaos caused by the collapse of the Bretton Woods system. The summit was a pivotal moment for the European community and lifted optimism among all six member States. However, the honeymoon period did not last long. The 1970s were a difficult decade, starting with the 1973 oil price shock, which marked the end of this recovery and sent Europe once again into

crisis (which lasted until 1984-1985). There are many reasons why this particular crisis lasted so long, and they relate mainly to economic and institutional factors.

Fourth cycle: 1973-1992

The 1973 oil price shock was triggered by the 1973 Arab-Israeli War, which was the fourth war between Israeli and Arab forces. It marked the first time that oil-rich Arab countries used oil not just as an economic resource but also as a geopolitical tool. The Organization of the Petroleum Exporting Countries (OPEC), which was essentially a cartel, jacked up the price of oil by a factor of four. This cheap, abundant fossil fuel had been a key enabler of the economic prosperity that reigned at the time, especially in Western Europe. The sudden jump in its price was therefore a major economic shock.

European countries were also contending with the collapse of the international monetary system, something they were ill-prepared for. The Bretton Woods system had been established at the end of the Second World War in order to stabilise exchange rates around the world. It introduced a mechanism of fixed exchange rates pegged to the US dollar, which in turn was linked to gold. But for a variety of reasons, the United States fell from grace in the 1960s and the dollar began to shed value. Pressure on the greenback increased until the Nixon administration terminated the convertibility of the US dollar to gold in 1971. This prompted a sharp devaluation of the dollar and boosted the competitiveness of US exports.

The collapse of Bretton Woods was a blow to European countries, which needed exchange rate stability to facilitate trade among them. Some currencies appreciated in response to the shock, others depreciated, and chaos ensued. This deepened rifts between EEC member States. The continent fell into recession, with surging

unemployment and rising inflation that policymakers struggled to keep under control. In 1973-1974, Europe entered into a period of stagflation, or stagnant GDP growth coupled with high inflation.

Policymakers were at odds to understand which was the best course to take. Events in the 1970s showed them that some inflation would no longer help to spur economic growth. Keynesian models no longer applied. It took a few years for economists to fully grasp what was going on; it was not until the second oil price shock in 1979 that policymakers started to view inflation as something to be avoided at all costs through hawkish monetary policies.

Each EEC country – nine at the time – took a different macro-economic approach in response to this new landscape, further accentuating the divergences in their economies and awakening protectionist instincts. This cast a shadow over the economic and monetary union that leaders had envisioned at the Hague summit and outlined in the Werner report. The general feeling by 1974 was that the EEC was under serious threat.

Furthermore, EEC institutions were having a hard time absorbing the UK as a new member, as the country was also facing several challenges. A weak Labour Party ran the country from 1974 to 1979; there was conflict in Northern Ireland; the economy was in trouble; and powerful trade unions were calling strikes on a regular basis. The winter of 1978-1979 came to be known as “the winter of discontent”. Things began to change when the Conservative Party came to power in 1979 and ushered in a neo-liberal programme of privatisation and deregulation.

When Margaret Thatcher became prime minister in May 1979, the UK’s public finances were in a sorry state. She believed the problem was that the UK was paying too much into the EEC – or at least paying in more than it got back, since Britain received very little aid under the common agricultural policy. After five years of bitter talks, she was able to negotiate a reduction in the country’s contributions to the Community budget.

Denmark joined the Communities in 1973 and also proved to be a difficult member. As a Northern country, it stood to benefit considerably from economic integration and had advanced social policies. However, politically it was a unionist, intergovernmentalist country.

On top of all this, the geopolitical climate deteriorated considerably in the 1970s. The USSR invaded Afghanistan in 1979 in an effort to spread its communist influence. The United States had just pulled out of Vietnam and was seen as weakened by the war. Republican Ronald Reagan was elected US president in November 1980; his goal was to restore America’s strength, honour and dignity. He broke with the detente of the 1970s and issued harsh words against the USSR, reviving Cold War tensions. The extremely sensitive issue of nuclear weapons was back on the agenda. Seeing that the Western powers were debilitated, the Soviets began deploying SS-20 atomic missiles in their sphere of influence. The US and other Western countries thought it was important to respond and maintain deterrence, and duly deployed their Pershing atomic missiles in the West.

The 12 years from 1973 to 1984 were a period of “Eurosclerosis”, as the continent was bogged down by several factors. The common market was under threat from neo-protectionist currents; plans to establish an economic and monetary union had fallen by the wayside; and geopolitical stability began to unravel in the late 1970s.

At a meeting of EC heads of state or government in Fontainebleau in June 1984, the leaders agreed to a one-third reduction in the UK’s budgetary contributions. While the formula used to calculate the reduction was largely incomprehensible, it did serve to resolve the long-running dispute between the UK and other member States. Through an agreement between France and West Germany, Jacques Delors – then France’s finance minister – was named the next president of the European Commission. This bet on Delors would eventually pay off.

Delors took office as Commission president in January 1985. Under his leadership, the Commission soon drafted a white paper on “completing the internal market”, which was made public in June of the same year and adopted by the EC heads of state or government (ten at the time). At a European Council meeting in Milan in June 1985, the heads of state or government decided to hold an intergovernmental conference to update the EC’s founding treaties. This led to the 1986 Single European Act (SEA), which entered into force in 1987 and formally established the internal market by the end of 1992.

The SEA above all changed the way Council decisions were taken and set up the instruments needed to complete the internal market. It outlined policies to support the internal market, formalised the 15-year-old political cooperation among member States and was a first step in giving new powers (and therefore fresh legitimacy) to the European Parliament.

In February 1988, the EC heads of state or government (12 at the time) agreed on a new, multi-year funding programme called the Delors I Package. It settled the issue of the EC budget, doubling it in just a few years and giving the Community the additional funds needed to implement its policies, especially the common agricultural policy and regional policies to support Southern countries.

The successful implementation of the internal market, the SEA and the EC’s new budgetary policies sent a strong signal. Starting in 1988, member States began talking seriously once again about forming an economic and monetary union. All these developments created an upbeat atmosphere, or sense of “Europhoria”.

The geopolitical climate also began to improve in 1985. Following the death of several Soviet leaders in just a few years – Leonid Brezhnev in 1982, Yuri Andropov in 1984 and Konstantin Chernenko in 1985 – the USSR got a young new leader, Mikhail Gorbachev. Gorbachev promptly rolled out new policies including glasnost (transparency) and perestroika (restructuring). His goal was not to turn the page entirely on the communist system, which

he firmly believed in, but rather to modernise it by supporting certain political freedoms and restructuring the economy to bring greater prosperity. We now know that he did not succeed.

The positive geopolitical momentum peaked in 1989 when Hungary tore a hole in the Iron Curtain, prompting an exodus from the East into the West and helping to take the muscle out of East Germany. Poland swiftly embarked on liberal political reforms; the country held its first free elections in 1989, putting Tadeusz Mazowiecki at the head of its first non-communist government. Communist leaders in Eastern Europe fell like dominoes throughout the autumn of 1989, culminating in the symbolic fall of the Berlin Wall on 9 November.

Fifth cycle: 1992-2005

Europe entered the 1990s with a fresh deck of cards and stunningly bright prospects, but there were also a few clouds on the horizon. Germany reunified in 1990 under the leadership of West German Chancellor Helmut Kohl. He felt strongly that the people of Germany had been divided by fate and should naturally be brought back together. He had the full support of US President George H. W. Bush. Mikhail Gorbachev saw it would be futile to stand in the way, so he left Germany alone in exchange for substantial financial aid.

The EC supported Germany’s swift reunification and wanted to couple it with further progress on European integration. Germany and the other member States wanted to bring the reunified country firmly into Western institutions, to prevent it from being tempted to strike out alone and shatter the community model that had been built up so carefully since after the Second World War. Germany was reunited peacefully on October 1990; in December of that year, the EC launched two intergovernmental conferences: one on an economic and monetary union and the other on a political union.

“Political union” here refers to coordination on matters of foreign policy and defence. The two conferences lasted throughout 1991 and culminated in the Maastricht Summit and eponymous Treaty, which was signed in February 1992. However, 1991 was still a difficult year due to the tension building up in the Balkans.

Due to their different historical ties to the Balkan countries, the EC member States were not united in how they viewed the region. For instance, when Slovenia and Croatia – two former Yugoslav republics – declared independence, Germany immediately rose to support them. France, however, was much more hesitant. And since the EC had no diplomatic institutions or instruments to speak with a single voice, individual member States responded in a disorderly, cacophonous fashion. The situation became particularly tense in the former Yugoslavia, where nationalist leaders had fuelled populist sentiment and formed militias and armed forces. An intense conflict broke out, epitomised in images of the Siege of Sarajevo. The Communities were divided, weak, impotent and incapable of reacting. And at that point the United States did not want to get involved.

Once the Maastricht Treaty was signed, the next step was getting it ratified by member States. Voters in Denmark initially rejected the treaty in a referendum in June 1992. They subsequently accepted it in a second referendum in May 1993, but with a clause exempting Denmark from the single currency. France held a referendum in September 1992 and debate around the vote was heated. A lot of demagoguery was involved: some believed that the Maastricht Treaty would lead to a federal Europe, and they fabricated stories that this centralised body would trample over member States’ sovereignty and stifle their diversity. French voters eventually accepted the treaty by a slim majority (51%).

At the same time, Europe’s economy and financial markets were in disarray. Investors had been making speculative bets against the currencies of the weaker countries in the European Exchange Rate Mechanism (ERM), which was the exchange rate stabilisation mechanism within the European Monetary System (EMS) at

the time. The British pound and Italian lira in particular found themselves under attack and had to withdraw from the ERM in 1992. Even the French franc came under pressure the following year.

In response to these events, Community heads of state or government decided in the summer of 1993 to widen the bands in which exchange rates were allowed to fluctuate, thereby robbing the EMS of its stabilisation function. This decision could be viewed as a failure of the EMS, but by putting the ERM on standby in this way, policymakers could keep it alive and maintain the overall objective of a European monetary union.

When the Maastricht Treaty entered into force in November 1993, many observers thought that the single currency would never come to pass. The internal market was formally established in late 1992 (although it would always be a work in progress); most of the elements were in place but had been set up largely away from public attention. For this cycle, it is hard to give an exact date for the start of the recovery, although we could approximate it at 1995.

In 1995, it became clear a single currency would almost certainly be introduced by the end of the century. In 1995, the EU also enlarged further by adding three new members. In line with these developments, EU policymakers saw that the Maastricht Treaty did not provide for all of the necessary institutional structures. They attempted to rectify this with the Amsterdam and Nice Treaties, but this gave the impression that EU reform was taking place in a haphazard way and that policymakers were unable to strengthen and consolidate EU institutions.

The euro was launched in 1999, initially as only an accounting currency – the physical notes and coins were not rolled out until 2002. This was not an easy milestone for many countries to reach, since they had to adopt a number of austerity measures to meet the criteria.

The EU faced three main challenges between 1992 and 1995: getting member States to ratify the Maastricht Treaty and overcoming the various obstacles on the road to European integration; dealing with an economic and monetary crisis that required the ERM to be put on standby in order to save the EMS; and managing the conflict among the ex-Yugoslav republics.

Political leaders' response to these challenges was as follows. One, they ratified the painstakingly negotiated Maastricht Treaty, which entered into force on 1 November 1993. Two, they established a monetary union and launched the euro in 1999. And three, they helped negotiate the Dayton Agreement to restore peace to Bosnia and Herzegovina; these efforts were led mainly by the United States and a newly interventionist France under President Jacques Chirac (who took office in 1995). However, this Agreement did not prevent the Kosovo War in 1999 or the fall of Serbian President Slobodan Milosevic in 2000.

5. Recent crises

The 16 years since 2005 make up the final cycle of crisis and recovery in the European community's development. This period started with an institutional crisis.

As soon as member States adopted the Nice Treaty in late 2000, EU policymakers realised it needed to be reworked. However they chose a slightly different approach – they formed the Convention on the Future of Europe, chaired by former French President Valéry Giscard d'Estaing. The Convention was tasked with drafting a treaty to establish a constitution for Europe, which was signed in Rome in October 2004.

This constitutional treaty was rejected by both French and Dutch voters in 2005. Since France and the Netherlands were two of the Communities' six founding members back in the 1950s, this rejection was highly symbolic. It essentially nullified the votes

in favour of the treaty in 18 other countries. EU policymakers therefore decided to take a break in the integration process. They shelved the constitutional treaty before taking it out again in 2007 as part of discussions for the Lisbon Treaty. This treaty had many of the same elements as the constitutional one, except for some mostly symbolic items.

Member States signed the Lisbon Treaty in December 2007, but Irish voters rejected it in June 2008. Negotiations were therefore held in which Ireland secured some guarantees, such as being able to keep a commissioner, which meant the European Commission would not be reduced as intended in order to make it more efficient. A second referendum was held in Ireland in October 2009 and the Lisbon Treaty was accepted; it entered into force in December 2009.

One new element of the Lisbon Treaty was the creation of a permanent president of the European Council. The first person appointed to this position was Herman Van Rompuy of Belgium (2009-2014); he was followed by Donald Tusk of Poland (2014-2019) and Charles Michel of Belgium (since 2019). The goal with this position was to ensure continuity in the work done by the European Council, which consists of the heads of each member State. The Lisbon Treaty also expanded the European Parliament's powers and made it responsible for electing the president of the European Commission. The treaty established the European External Action Service (EEAS), which served as the EU's diplomatic service, and strengthened the role of the High Representative of the Union for Foreign Affairs and Security Policy, giving this person the three hats of vice president of the European Commission, president of the Foreign Affairs Council and head of the EEAS.

The main difference between the Lisbon Treaty and the constitutional treaty was that the latter included a variety of symbolic elements and other constitutional fanfare. In addition, the clause

calling for a decrease in the number of EU commissioners was eventually put in brackets following the No vote in the first Irish referendum to ratify the Lisbon Treaty.

The Lisbon Treaty served to update the former treaties but not cancel them. Symbolic elements hinting at a “constitution of Europe” had been removed, along with anything that could imply the ties among EU member States would create a kind of European state. But the key features of the earlier constitutional treaty had been kept, thereby introducing substantial changes in the structure of the EU.

The Lisbon Treaty is the most recent EU treaty to date. The Treaty on Stability, Coordination and Governance in the Economic and Monetary Union (also known as the European Fiscal Compact) and the Treaty Establishing the European Stability Mechanism were adopted in the 2010s, but these are intergovernmental treaties that were technically adopted outside the scope of the EU.

The EU thus went through a major institutional crisis that ran from 2005, when the constitutional treaty was rejected, to 2009, when the Lisbon Treaty entered into force. The core problem policymakers faced was finding the best way to adapt the EU’s institutions as it got bigger and more diverse (including geographically).

Some people had the unpleasant feeling that the Lisbon Treaty was actually a masked attempt to implement the main features of the constitutional treaty without having to go through the same ratification process. This is because the way in which the Lisbon Treaty was adopted could be interpreted to mean that EU policymakers and member States were afraid of how citizens might vote. The counterargument is that in a democratic union, it would be hard to allow the No vote of two member States to cancel out the Yes votes of the 18 others, including some that had held referendums. But at the end of the day, what matters is that the Lisbon Treaty was signed and ratified by all member States.

One could argue that the confederal approach used to revise EU treaties is actually less democratic than a federal one, since a federal approach would require the approval of a majority of both member States and citizens. To sidestep this issue – which by definition cannot be resolved because changing the process for revising treaties would entail going through the existing (and for some unacceptable) process – the solution policymakers found was to adopt intergovernmental treaties that would take effect as soon as a majority of member States ratified them. Any member States that did not ratify a given treaty would not be bound by that treaty.

The second aspect of the recent crisis relates to the economic, financial, fiscal and social distress that European countries came under in 2008 (and which was particularly acute until 2015). The 2008 economic recession was the worst since 1945 and threatened the very existence of the eurozone, causing deep divisions between Northern and Southern countries.

In response to this crisis, EU policymakers introduced the following measures: (i) the European Fiscal Compact to govern the way member States manage their public finances; (ii) the Macroeconomic Imbalance Procedure, which is a surveillance system to identify any major macroeconomic imbalances in member States and facilitate greater convergence in their macroeconomic policies; (iii) the European Stability Mechanism, which is a solidarity-based instrument to provide financial assistance to member States in difficulty provided they implement certain reforms; and (iv) a banking and capital markets union in order to supervise banks more effectively and resolve any problems that could have a systemic impact on the single currency or economic union.

Europe’s economy eventually started growing again, but meekly and with a considerable lag relative to the United States (where the financial crisis originated). Even today, the disagreement between Northern and Southern countries on austerity has not been fully resolved and was further aggravated by the Covid-19 pandemic.

The third aspect of the recent crisis relates to political systems. The legitimacy of the political systems in several member States is being called into question, and the EU cannot stand on solid footing if its members are in crisis. What's more, the EU's institutions are far removed both geographically and culturally from most of its citizens. And citizens can find it hard to comprehend the inner workings of the EU institutional framework. The EU is often used as a scapegoat – member States tend to take credit for the more successful policies and blame Brussels for those that fail.

Euro-sceptic or even Europhobic movements had been gaining ground in several member States as well as at the EU level. The austerity measures introduced in response to the 2008 financial crisis added fuel to the fire, since they deepened economic and social hardship and impaired the stability of member States' political systems.

However, the financial crisis only partially turned the political tide in Europe. This was evidenced in the results of national elections. In Austria, for example, presidential elections were held in 2016 (which went to a run-off) and parliamentary elections in 2017. A president was elected from the Green Party rather than from the far right, which was symbolically significant. Then in 2019, the governing coalition of parties from the right and far right broke down, and since the parliamentary election that year, the country has been run by a coalition of parties from the Greens and centre-right.

The Netherlands held a parliamentary election in 2017. The far right did less well than expected, and this trend was confirmed during the next parliamentary election four years later.

France held both presidential and parliamentary elections in 2017. Emmanuel Macron and his *La République En Marche* movement, which then became a political party, won these elections; Macron had positioned himself as a pro-European candidate with the goal of making the EU a united, sovereign and democratic power. He has continued in this vein in his role as president.

Incumbent Angela Merkel and her coalition party won Germany's parliamentary election in 2017, for the fourth time in a row, and the country was once again led by a grand coalition between the CDU-CSU and the SPD. However, this grand coalition was extremely fragile. It was bolstered temporarily by its effective response to the Covid-19 pandemic, until things unravelled in 2021.

Hungary's parliamentary election in 2018 marked the third victory in a row for Viktor Orbán – the advocate of "illiberal democracy".

Spain's general election in 2019 showed that it was getting increasingly difficult for the country's leaders to form a stable, majority-led government, largely due to the rise of the far-right Vox party.

Poland's Law and Justice party, a right-wing conservative party with a strong nationalist bent, returned to power in 2015 and won the parliamentary election again in 2019. President Andrzej Duda, from the same party, was elected for a second term by a slim majority in 2020.

The political system in Italy – whose economy has been stagnating for the past 20 years and which has felt abandoned by the EU in managing the migrant crisis – fell apart in 2018, after an initial breakdown had occurred in the early 1990s. A parliamentary election in 2018 resulted in a coalition government between the Lega Nord and the Five Star Movement. The country then entered into a major dispute with the EU on the issues of immigration and Italy's fiscal budget. The head of the Lega Nord, Matteo Salvini, took a bet in 2019 and dissolved the coalition – but things did not go as he expected. Salvini's move led to a new coalition being formed between the Five Star Movement and the centre-left Democratic Party. In 2021, Matteo Renzi, a former president of the Council of Ministers, orchestrated a collapse of the ruling coalition just as the country was struggling with the pandemic and its dire social and

economic consequences. This resulted in a broad coalition being formed under Mario Draghi, former president of the European Central Bank (ECB).

These trends indicate that Eurosceptic political movements seem to be losing momentum. That is probably due to two pivotal events in 2016: the Brexit vote in June and Donald Trump's victory as US president in November. These events created a shock wave across the continent – European citizens and their leaders became suddenly aware that the EU is a brittle union, and one that can even be pulled apart.

Among the various crises that the European community has been through, what made the one in the 2010s particularly threatening was that it could have triggered a domino effect among member States and led to a break-up of the Union. Instead, what happened was that citizens in some way “rediscovered” the EU and realised it could be a source of economic, political and geopolitical stability. They did not want to risk losing these benefits and throwing the continent into major uncertainty. This warmer sentiment towards the EU was reflected in a higher participation rate in the EU parliamentary elections in June 2019 as 51% of citizens cast a vote, up eight percentage points from 2014. That served to bolster the legitimacy of the European Parliament.

Within this parliament, the centre-right European People's Party (EPP) and the left-leaning Progressive Alliance of Socialists and Democrats (S&D) lost their duopoly in 2019 when the Renew Europe Party (an alliance of liberals and centrists) gained ground as a major third group. The Greens also took a substantial number of seats. Sovereign right-wing parties did well too, although they remain divided.

On 16 July 2019, shortly after the elections, the European Council (made up of EU heads of state or government) took some important yet difficult decisions in appointing the EU's next set of leaders. Belgian Prime Minister Charles Michel was named president of the European Council for a two-and-a-half year term (renewable

once) starting on 1 December 2019. The European Council also decided that Michel would chair the Eurozone Summit, a more informal meeting of the heads of eurozone States to discuss issues pertinent to the currency bloc.

Also at the July meeting, the European Council suggested that the European Parliament appoint Ursula von der Leyen, then Germany's defence minister, as president of the European Commission. Josep Borrell, previously Spain's foreign affairs minister, was named High Representative of the Union for Foreign Affairs and Security Policy. This nomination then had to be approved by the president-elect of the European Commission, which she did. Finally, the European Council appointed Christine Lagarde, then head of the International Monetary Fund, as the next president of the ECB.

The European Parliament approved Ursula von der Leyen's nomination as European Commission president, but by a narrow margin. She received 383 votes – only slightly more than the 374 required. That is because von der Leyen was not a candidate from one of the EU parties. Because the European Council could not agree on which candidate from the top of a party list in the recent EU parliamentary elections to nominate, they chose someone who had not campaigned during those elections, which members of the European Parliament were not pleased about.

The new European Commission members – agreed upon between von der Leyen and the heads of member States – were presented to the European Parliament in September 2019. The parliament made some minor adjustments following the parliamentary hearings and then approved them in late November 2019; they were then appointed formally by the European Council. President von der Leyen and the new commissioners took office on 1 December 2019 (one month later than planned).

The fourth aspect of the recent crisis relates to immigration. This issue came to a head in 2015 and has since subsided, although it has not disappeared altogether. Here the main challenge for the

EU has been to manage an influx of migrants – caused mainly by the war in Syria, chaos in Libya and the spread of the Islamic State – when the region’s economy was struggling to get back on track.

Member States initially responded to the influx of migrants in different ways. Some pointed their finger at the Schengen/Dublin system, and a rift appeared between Eastern and Western countries. Member States had agreed to distribute refugees among them but the plans generally were not implemented. Talks are under way on reforming the Schengen/Dublin system.

The fifth aspect of the recent crisis relates to Brexit. The Leave vote on 23 June 2016 put the UK on a rocky, disorderly path to leaving the EU, which it eventually did on 31 January 2020. However it continued to apply EU law for one more year (even though it no longer had a seat in EU institutions), meaning it actually left the single market and customs union on 1 January 2021. The EU-UK Trade and Cooperation Agreement was reached at the last minute – just before Christmas 2020 – and was ratified in 2021, spelling out the future of relations between Britain and the EU and preventing a hard Brexit.

The sixth aspect of the recent crisis relates to a breakdown in the multilateral world order, especially between January 2017 and January 2021, when Donald Trump was US president. He took a nationalist, protectionist stance that threatened the prevailing multilateral system. Soon after taking office, Trump introduced sanctions against the EU – even calling it a “foe” of the United States – and brought in even heavier sanctions against China. His policies created shock waves in Europe and had repercussions around the world. A corollary was that the US became less interested in Europe from a geostrategic standpoint.

When Joe Biden took over as US president in January 2021, the contrast was striking. Biden restored transatlantic relations, pulled away from Russia and revived the multilateral approach. However, the United States’ geostrategic rivalry with China remained strong. Western powers have seen their sway in international

organisations steadily diminish, and the path of multilateral relations and how they will work in practice is no longer clear. A multipolar world order is taking shape and imposing itself with greater speed. At the same time, the multilateral system – which countries thought would enable them to pull together and overcome global, even existential, challenges – has started giving way to competing visions for the future world order.

The seventh aspect of the recent crisis relates to regional separatist movements, particularly following protests in Catalonia in 2017. The EU was criticised for not getting involved in this dispute, even though it had no legal basis for doing so. The uprising in Catalonia was emblematic and served as a reminder that several regions within member States are challenging their national governments’ legitimacy.

The eighth aspect of the recent crisis relates to the Covid-19 pandemic, which hit the continent in March 2020. The pandemic’s consequences have been far-ranging and severe, with public health, economic, social, political, environmental, technological, security and geopolitical impacts. It sent Europe into a deep recession and highlighted areas where it is sorely lacking production capabilities, such as in surgical masks and medical equipment.

When the pandemic broke out, the EU had been in a nearly permanent state of crisis since 2005. Member States initially took independent action to combat the effects of Covid-19; EU-wide mechanisms – such as the Schengen Area, fiscal rules and state aid regulation – were set aside temporarily by member States in concert with EU institutions. The EU’s ability to coordinate joint action was severely limited in the early days of the pandemic, to the disappointment of many. This disappointment is somewhat ironic, since it was member States themselves who curtailed the EU’s scope of action by depriving it of any real powers in the area of public health.

Nevertheless, EU policymakers quickly realised the gravity of the situation and bounced into action in April 2020. The European

Council passed a €540 billion support package to help governments, companies and workers through a sweeping loan programme. Monetary policy in the eurozone, already highly accommodative, was loosened further and the ECB renewed its programme to inject large sums of cash into the economy.

In May 2020, Germany switched its stance on debt mutualisation. The country's leaders realised that, given the magnitude of the pandemic, the single market needed to be supported and that keeping it alive would be crucial to Germany's economy. Chancellor Angela Merkel seized the opportunity to draft an ambitious proposal with France, which the European Commission then used as a basis for its draft €750 billion recovery plan unveiled in late May 2020.

The recovery plan was discussed as part of the EU's budget negotiations for the 2021–2027 period. These negotiations had stalled in February 2020 but picked up again in response to the pandemic. EU leaders held a special summit on 17–21 July 2020, which was an extremely tense moment that showed how limited the scope for decision making can be when heads of state or government meet with an intergovernmental rather than community mindset.

The bitter negotiations eventually led to an agreement, thanks in large part to the considerable effort by Germany, which held the Council presidency in the second half of 2020. The EU heads of state or government agreed to the €750 billion recovery plan, but only after the portion of funds to be handed out as loans was increased and that to be handed out as grants was reduced (thus curtailing the solidarity-based component of the plan). In the end, €390 billion will be handed out as grants. That is less than the €500 billion the European Commission initially suggested, but it is still more than half of the overall package. The remaining €360 billion will be handed out as loans that member States must repay directly.

The pandemic is a reminder that not all shocks affecting Europe are endogenous. This was a global public health emergency that

underscored how interconnected Europe is with the rest of the world. EU policymakers believed that the public policy response should be strong, as it was for the 2008 crisis. But this time, policymakers realised much more quickly that they needed to act.

After the 2008 crisis, many member States had to save their banking and financial systems by digging into the public purse, running up huge fiscal deficits and debts in the process. This triggered what came to be known as the European Debt Crisis. Governments were initially generous in their financial aid but had to change course in the 2010s and introduce austerity measures that left scars for a decade. The starkest example is what happened in Greece.

Member States thus went into the 2020 pandemic with their public finances in a worse state than at the start of the 2008 crisis. That gave them very little room to manoeuvre. Looking ahead, the big question is whether governments will restore their finances once the pandemic subsides through large-scale austerity measures that could have devastating economic, social and, obviously, political effects.

For now, it does not look like a fresh round of austerity measures is on the cards. But the pandemic has forced governments to spend heavily, and sooner or later the public debt will have to be repaid. In addition, the ECB is supporting the economy in part by printing more euros, which means both elements of macroeconomic policy in the EU today, i.e. fiscal and monetary, are highly expansionary. This raises the spectre of inflation. And a common tool for fighting inflation – interest-rate hikes – would do great harm to heavily indebted member States, even if the inflation itself would reduce the real value of the amounts they owe.

6. Conclusion

In conclusion, the European community has gone through crises on several levels – economic, political and institutional – on the

road to integration. These crises have been both endogenous and exogenous in nature. Examining the various cycles of crisis and recovery reveals a very interesting dynamic.

The periods of crisis are easier to identify than the periods of recovery, although the two are closely linked. Jean Monnet wrote in his memoirs in 1976: “I have always believed that Europe would be built through crises, and that it would be the sum of their solutions.” Crises can certainly be a driver of progress, but that is not always a given.

The current crisis originated in 2005 and has four distinguishing features:

1. It is multifaceted and could even be thought of as a succession of smaller crises. This makes it similar to the Eurosclerosis crisis in the 1970s and early 1980s.
2. It is the longest one so far, which makes it more likely to try the patience of citizens and policymakers. It has already dragged on for 16 years, versus 11 years for the Eurosclerosis crisis.
3. It stems in part from an unprecedented challenge to the legitimacy of some member States’ political systems. We could even say that these problems within member States have contaminated the EU and not the other way around. Governments no longer feel in control, and in some cases even feel incapacitated, as reflected in populist uprisings like the Yellow Vest movement in France. Such uprisings have resonated around the world. This is making the EU appear (excessively) dependent on the politics of individual member States, and especially the larger ones. If the EU had been built under a strictly federal model, such movements would have less of an impact. But because the EU is largely confederal by design, these movements risk destabilising it.
4. It is occurring amid a geopolitical climate hostile to the EU. US President Donald Trump went as far as calling the EU a “foe”, while European policymakers are viewing China increasingly as a

rival. And the EU is not on good terms with Russia. This geopolitical climate is a source of risk for the EU. Some world powers are attempting, and even have the substantial capacity, to sow division among member States.

The threat posed by the current crisis is not so much that the EU will dissolve, but that it could quietly become irrelevant. And there is no clear, objective answer as to what EU policymakers and member States could do in response. It is highly unlikely – at least the way things currently stand – that the EU will move quickly towards a federal approach to foreign policy, defence and security. Therefore it is worth bearing in mind the substantial benefits the European community has brought since it was established and can bring going forward.

The first benefit is that it has maintained peace among member States. Of course, international events paved the way for this peace and for the formation of the European community. But bringing peace to war-torn Europe and healing the deep wounds was not something that could have been achieved only from the outside. It required internal efforts, including a catharsis across the continent and above all a lasting reconciliation between France and Germany.

The second benefit is that it has helped bring peace to neighbouring countries, especially by holding out the prospect of joining the EU. This was true for Southern European States that had just come out of years of dictatorship, and for Central and Eastern European countries after the break-up of the USSR. And for countries with little prospect of joining the EU, it can offer cooperation and some forms of financial aid, albeit to a limited extent. We see this in North Africa and nearby Middle Eastern countries, for example.

The third benefit is enhanced security for member States. Pax Americana has undoubtedly played a major role, but today that role is being challenged. The United States is becoming increasingly reticent about investing in European security and is calling on the EU to step up its efforts. The EU will need to supply more

defence funding as the US disengages – but the problem is that member States’ public finances are already shaky and the welfare state that European countries adhere to requires a hefty amount of government spending. Reforming these countries’ economies and social security systems would create considerable tension domestically. What’s more, demographic trends, and more specifically Europe’s ageing population, will make it even harder to update these social security systems, which are based on solidarity towards pensioners.

The fourth benefit is the prosperity brought about by economic integration. And this prosperity is being distributed across the EU to a growing extent. One example of this is the recovery plan agreed in 2020. Of course, this benefit has not always been clear to everyone, especially during the 2008 crisis. But it is true that, over the long term, the European community has delivered greater peace, prosperity and even democracy. That is why the “illiberal democracy” that Hungary’s prime minister advocates is so jarring.

The fifth benefit is that the EU has helped to uphold the principles of human rights, democracy and the rule of law. Citizens and policymakers are becoming increasingly attuned to these issues. We could also point to the steps taken by the Council of Europe, which has contributed substantially through the European Convention on Human Rights, the European Court of Human Rights and similar initiatives.

The sixth benefit is that the EU enables member States to jointly defend their values and interests in an increasingly multipolar and decreasingly multilateral world. Globalisation clearly has its upsides and its downsides, and Europe’s hand in the game can only be strengthened through collective action. No member State on its own would have the clout to stand up to world powers – what could Germany alone do, for example, against the United States, Russia, China or India?

Here it is important to consider not just economic but also demographic trends around the world. The UN’s world population

projections indicate that Europe’s population will decline in both relative and absolute terms. The continent’s ageing population will have massive consequences. Africa’s population, on the other hand, will continue to grow.

Member States have retained a great deal of sovereignty in the EU. The European community was built with them and not against them. And while the EU does have a combination of confederal and federal features, it is not heading in the direction of a “super-state”. That said, Europe does have a number of common policies, especially if you compare it with other world regions. The EU’s motto – “united in diversity” – is now more relevant than ever.

Postscript: The war in Ukraine⁷

24 February 2022 is a day that will sadly go down in history. It is the day when Russia began its military invasion of Ukraine. This postscript was written one week after the war started – a week that must already feel like an eternity to the victims of this military aggression, with the worst yet to come. Despite propaganda efforts, the facts nonetheless speak for themselves: Russia is the aggressor and Ukraine is the prey. Russian citizens cannot express themselves freely so we do not really know their stance. This multi-faceted war marks the return of tragedy to the European continent. It also heralds the start of a new era in international relations.

The war in Ukraine has been a moral and humanitarian shock. Russia's invasion represents the most severe possible violation of international law. It is also a breach of the commitment Russia made in the 1994 Budapest Memorandum to respect Ukraine's territorial integrity, in exchange for Ukraine handing over the nuclear weapons it had inherited from the USSR.

Russia's aggression has upended the European security order that was negotiated so painstakingly between the East and West during the Conference on Security and Cooperation in Europe, which began in 1973 and concluded in Helsinki in 1975. The United Nations Security Council has been unable to pass any substantive resolution on the aggression due to Russia's veto power as a permanent member. The United Nations General Assembly has condemned Russia's military operations in Ukraine – but this

⁷ The French version of this text appeared in March 2022 in the *Current Affairs in Perspective* series, published by the Pierre du Bois Foundation for Current History.

brings no real consequences for Moscow. The International Court of Justice has also begun to take action but has no tangible way of enforcing a ruling.

The series of crises that Europe and the rest of the world have been through in recent years has once again brought tragedy upon humanity. The 21st century seems in many respects to be a continuation of the 20th. The 2008 financial crisis and ensuing recession, along with the recession caused by the Covid-19 pandemic, hark back to the 1930s. The pandemic itself is reminiscent of the 1918-1921 Spanish flu. The war in Ukraine has echoes of the Second World War, bringing back memories of the years leading up to 1945. And the armed violence in the former Yugoslavia in the 1990s was a humanitarian disaster, even if it did not strictly qualify as an armed conflict between States.

The recent developments in Ukraine are at once dramatic and historic. The situation has been made even more perilous by Russian President Vladimir Putin's thinly veiled nuclear threats. As Jean-Yves Le Drian, the French minister for Europe and foreign affairs, suitably pointed out, NATO is also a nuclear alliance. Fortunately the worst-case scenario – i.e. a third world war involving atomic weapons that could very well wipe out humankind – is not the most likely one.

It is chilling to think that so much depends on a single man – a cold-hearted, cynical and calculating Russian president who appears ready to take huge risks. However, European countries have stood much more united than he probably expected. And the Ukrainian people's resistance, first and foremost that of their president, is heroic. It may not prevent a Russian military victory but could delay it. And a lot can change in the space of a few weeks, including within Russia itself.

If Russia's invasion of Ukraine is successful, Moscow will likely set up a puppet regime in Kyiv. But experience has shown that, while it may be easy for a major military power to win on the battlefield, it is much harder to manage the subsequent occupation.

Ukraine regained independence peacefully in 1991 following the breakup of the USSR. Given its diversity, the country could ideally serve as a bridge between the East and West. Although it still faces some challenges with regards to economic development and corruption, it has become an established democracy in the centre of Europe. Ukraine has been increasingly drawn to the West over the past 20 years – and this appeal will undoubtedly strengthen once its people are again free to choose their country's fate. The cruel, unjust war that began in February could very well cement the rift between Ukraine and Russia – two nations whose people had until now considered themselves almost as brothers. Ukrainians' desire to join NATO and EU will not falter.

Russia's motives in all this are probably, as usual, opportunistic. Ukraine was largely lost to Russia in 2014; economically speaking, the 2010s were a much harder decade for Russia than the prior one. This backdrop, coupled with the growing opposition at home and the government's poor handling of the pandemic, meant Moscow was more than ready to jump at an opportunity to flex its muscles. The current window of opportunity was also created in part by external factors. The image of the US as a leading power was undermined by the January 2021 attack on Capitol Hill and its botched withdrawal from Afghanistan in August of that same year. At the same time, Moscow probably views Europe as divided and weakened. It is also worth pointing out that Vladimir Putin has been in power for 22 years, raising serious questions about the pivotal role that a single man plays within Russia's political system. Ever since his speech at the 2007 Munich Security Conference, it has been clear that Putin's geopolitical aim is to restore Russia's standing as a major global power. He quadrupled the country's defence budget and built up a strong army of some 850,000 soldiers. In the early 1990s, Russia inherited all the atomic weapons from the former USSR, with the corollary that Ukraine, Belarus and Kazakhstan agreed to not harbour any nuclear arms in their territories.

Europe's security system had already been challenged several times since the Cold War. There was the war between Russia

and Georgia in 2008, for instance, triggered by Moscow's assertive presence in Georgia and a US proposal to bring Georgia and Ukraine into NATO. France and Germany were against the proposal, as they believed such an expansion would be too dangerous. Then the 2014 Maidan Revolution brought a pro-Western government into power in Ukraine, positioning Kyiv in the camp against Russia. This prompted Moscow to unilaterally annex Crimea in violation of international law and to take de facto control of part of the Donbas region, close to the Russian border. Just a few days before Russia's invasion on 24 February 2022, Moscow recognised the self-proclaimed breakaway republics of Donetsk and Luhansk, further escalating its conflict with Ukraine and the West.

For their part, the US and Canada are tied firmly to European security through NATO, which was established in 1949 at the request of Western European countries who felt threatened by the Soviets during the Cold War. Unlike the Warsaw Pact, NATO remained in place after the end of the Cold War and even expanded into Northern, Eastern, and South-Eastern Europe, bringing the number of member countries from 16 to 30. The alliance guarantees the collective security of its members and binds the US to Europe; NATO and the EU are the two key organisations of Europe today.

It is also worth bearing in mind just how humiliating the 1990s were for Russia. Or at least that is the perception from Moscow, rightly or wrongly. Did the US and Europe genuinely treat Russia poorly during that decade? The Western military operations in Serbia in 1999 and Iraq in 2003 were not grounded in international law – something that Russia never fails to point out. That said, the path taken by Russia since 2014 is not the most judicious one if the aim is to restore the pride and standing of the great Russian people. The challenges now facing humanity are both pressing and global, and require a paradigm shift away from nationalistic, bellicose tendencies. Whereas France and Germany had joined Russia in opposing the US invasion of Iraq between 2003 and 2005, in the two years that followed, Paris and Berlin began to distance

themselves from Moscow. Putin most likely decided he could not expect anything more from the “Old Continent” and therefore tried to sow division among its nations.

After the Cold War ended, Central and Eastern European countries aspired to join NATO for the security guarantee and the EU for the attendant prosperity and to reclaim their seat at the European table. The EU therefore went through enlargements in 2004 (adding ten new member States, including eight from Central and Eastern Europe), 2007 (Bulgaria and Romania) and 2013 (Croatia), bringing its total membership to 28 (which fell back to 27 in 2020 following Brexit).

Before the war in Ukraine, the EU had not been an important player in European security. The Common Foreign and Security Policy set up some EU defence institutions, but they all have an intergovernmental (or confederal) structure. That said, member States' defence industries have been cooperating to a growing extent and the EU has conducted more than 30 external interventions (on three continents) since 2003. These were all low-key deployments, however, of a mostly or even entirely civilian nature. The EU has also employed sanctions, albeit with varying degrees of success. Mutual assistance and solidarity clauses were introduced into the 2007 Treaty of Lisbon; the Ukraine crisis is now an opportunity to put some weight behind them.

The EU rolled out unprecedented measures in the days following Russia's invasion. The sanctions introduced in Europe and the US – especially in the areas of finance and energy – have the potential to suffocate Russia's economy. This is the first time all member States have joined together to impose such sanctions and have agreed to use EU funds to provide weapons to an outside country. Germany's decision to dramatically increase its defence budget is also a major about-face. The days of Europe's partial demilitarisation following the Cold War now seem well behind us.

On the economic front, Europe and Russia have become increasingly dependent on each other since the Cold War. Russia may

be a technological superpower in some areas, like aerospace and defence, but its economy is based mainly on extractive industries and its GDP is roughly equivalent to Spain's. Russia supplies 40% of Europe's natural gas, meaning it would be nearly impossible for the continent to get by without this energy source in the near term. Such reliance poses serious risks for the coming autumn and winter. And the Western sanctions on Russia will come with a cost for Europe, too. Higher energy and commodities prices – not to mention the risk of supply shortages – will push up EU inflation at a time when consumer prices are already on the rise and provoke an increase in interest rates. These higher borrowing costs, coupled with the inevitable expansion in military spending, will create tension in European countries' fiscal budgets.

The US is the main power behind NATO and often seen as Europe's "protector". However, many European heads of state or government are concerned about how involved America will continue to be in European affairs in the medium to long term. These concerns were especially salient during Donald Trump's term as president, from 2017 to 2021. He believed that NATO was irrelevant and the EU was a foe – although not as big of a foe as China – and heaped praise on Russian President Putin. In Trump's view, history was best left forgotten and foreign policy alliances were a burden; he supported a nationalistic, transactional approach to international relations.

President Biden restored the US policy focus on international alliances and multilateral agreements. His administration views NATO and the EU as allies and – until recently – saw China as the greatest threat. And in another major break from his predecessor, Biden has nurtured a certain amount of hostility towards Putin, whom he believes interfered in the democratic election process in recent years. Indeed, US democracy appears to be weakened on several levels. The transfer of power to the Biden administration between November 2020 and January 2021 was not entirely peaceful, as reflected in the Capitol Hill attack – which would have been unthinkable a few years ago. Voters now view political opponents as outright enemies. The US congressional elections

this November could paralyse America's federal political system even further. And none of this bodes well for the next presidential election in November 2024.

As things currently stand in early March 2022, Europe's response to Russia's invasion has nothing to envy the response of the US. Jean Monnet's wish for Europe and the US to work together on an equal footing now seems more tangible than ever.

Lausanne, March 2022

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King's cake being cut at the Congress of Vienna in 1815 [engraving]

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US President Harry Truman signing the North Atlantic Treaty surrounded by European ambassadors, 1949

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Inaugural meeting of the High Authority of the European Coal and Steel Community

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The Delors Commission, 1986

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The Fondation Jean Monnet pour l'Europe was created in 1978 by Jean Monnet, who conceived the first European community and was the first honorary citizen of Europe. He donated all of his archives to the Foundation. As an independent institution serving the public interest, the Foundation is non-partisan and does not engage in lobbying. It receives support from the Canton of Vaud, the Swiss Confederation and the City of Lausanne. It operates out of Dorigny Farm, which is located on the campus of the University of Lausanne, its main partner.

The Foundation also keeps and provides access to numerous other private archives, including those of Robert Marjolin and the European papers of Robert Schuman and Jacques Delors, as well as images and audiovisual documents. In addition, it houses a specialised library and a European documentation centre, and it collects first-hand accounts from participants and observers through a filmed interview programme. It thus provides users, and especially researchers, with a coherent corpus of documentary resources on the origins and development of European integration and on Swiss-European relations.

Thanks to the internationally recognised importance of these collections and to the collaboration between Jean Monnet and Professor Henri Rieben, who chaired the Foundation until 2005, the Foundation is a focal point for European studies and an essential venue for meetings, debates and analyses about major issues facing Europe. It regularly organises conferences, European dialogues and international symposia, forming partnerships with renowned institutions. It periodically awards its Gold Medal to prominent political figures who have worked for the common interest of Europeans; past laureates include José Manuel Barroso, Emilio Colombo, Mario Draghi, Valéry Giscard d'Estaing, Jean-Claude Juncker, Helmut Kohl, Romano Prodi, Helmut Schmidt, Martin Schulz, Javier Solana and Herman Van Rompuy. The Foundation receives many visitors, regularly provides assistance to researchers and is involved in training university students. Each year, the Foundation awards the Henri Rieben Scholarship to several advanced PhD students. With support from the Canton of Vaud, in 2016 the Foundation created a think tank whose experts are currently working on the challenges of Society 4.0.

Finally, the Foundation also produces a number of publications. The Red Books Collection, which was created by Henri Rieben in 1957, has been jointly published with *Economica* since 2007 and now comprises 218 titles, while the Debates and Documents Collection, a series of shorter publications in open access, was launched in 2014. Taken together, these publications highlight the Foundation's documentary collections and public events, as well as its members' and partners' expertise.

Both the Foundation Board, with more than 500 members from all over the world, and the Scientific Committee meet annually. Pat Cox, former president of the European Parliament and the European Movement International, has been president of the Foundation and its Executive Board since 1 January 2015. This role was held in the past by José María Gil-Robles (2009–2014), former president of the European Parliament and the European Movement International; Bronisław Geremek (2006–2008), member of the European Parliament and former minister of foreign affairs of Poland; and Henri Rieben (1978–2005), professor at the University of Lausanne. Since 2012, the Foundation has been led by Gilles Grin, who holds a PhD in international relations and is a lecturer at the University of Lausanne.

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