

# **National Interests and Community Framework: A Study of the European Community**

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**Master of Philosophy**

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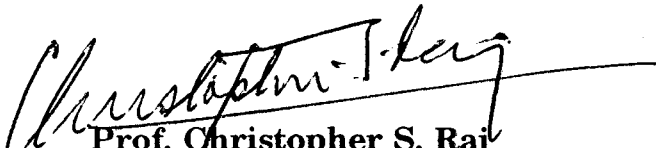
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9<sup>th</sup> May, 1997

## Certificate

Certified that the Dissertation entitled **National Interests and Community Framework: A Study of the European Community**, submitted by **Susan Mathai** in partial fulfilment of the degree of **Master of Philosophy** has not been previously submitted for any other degree of this or any other University. To the best of our knowledge, this is a bonafide work.

We recommend that this dissertation be placed before the examiners for evaluation.

  
**Prof. Christopher S. Raj**  
Chairperson

  
**Prof. B. Vivekanandan**  
Supervisor

*to papa & mummy*

## PREFACE

As the debates on the Economic and Monetary Union continue many feel that this project stands the best chance of enabling a breakthrough to supranationality. But, a closer look reveals that the member states of the European Union lack the political will to see the EMU to its end. In the light of these debates on the EMU, this seems to be the right time to take stock of Europe which has been in existence for the past forty-six years, since the first European Community - The European Coal and Steel Community - was established in 1951.

The Community framework was adopted to do away with the aggressive nationalism that existed in Europe, and, to bring the quarreling European nations together to banish future wars and destruction in Europe. In the light of the past activities of the member states vis-a-vis Europe, this study will examine how far they have succeeded in fulfilling the dream of the Community's founding fathers - of blunting the sharp edges of nationalism in Europe.

Through a historical account of the European Community, from 1951 to the Maastricht Treaty of 1992, the study hopes to bring out whether the member states wholeheartedly wish to go ahead with the European Union or are there traces of the aggressive nationalism of the past, existing on an entirely different plane. Do the member states strive

to preserve their national interests within the Community framework, and, if so, to what extent.

The study is based on the primary and secondary sources available in various libraries in Delhi, out of which the British Council Library, the Sapru House Library, the Teenmurti Library and the Jawaharlal Nehru University Library deserve special mention. A word of thanks to all the staff of these libraries.

At this point, I would like to express my heartfelt gratitude to my Supervisor, Professor B. Vivekanandan, for having faith in me even when I lacked it myself. Thank you Sir for the constant pushing and support you gave me throughout.

A special thanks to my family - my father, mother and brother - for their constant support and love. Thank you. You all are really great.

At the same time, I'd like to thank all my friends - Cherian, for being the perfect senior and friend; Kalyan, for helping me with 'Wars in Europe'; and Shuchi, Naveen, Anil Mathew, Pari and Mallika for being there for me.

Finally, a word of thanks to the people at A.P. Computers, especially Anil and Shibu, for their time and good work.

*Susan Mathai*

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## Chapter I

### NATIONALISM IN EUROPE - HISTORICAL BACKGROUND

From the hindsight of history Europe had been a continent of disunity. It had always been divided into groups, clans, tribes, city-states and later nation-states. All along none left any stone unturned to outdo the other and establish dominance. Distrust, deceit, conflicts, alliances and counter-alliances best describe the relationships that existed among nations in Europe.

This state of affairs has been attributed to the aggressive nationalism that existed in Europe. Nationalism, that state of mind in which the supreme loyalty of the individual is felt to be owed to the nation-state,<sup>1</sup> stems from a sense of pride in shared history, language, folklore, territory, culture and religion. A shared and glorious past is a very important factor which shapes up the psyche of the people. 'A national history, and the consequent community of recollections; collective pride and humiliation, pleasure and regret, connected with the same incidents of the past'<sup>2</sup> all influence the behaviour of nations.

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<sup>1</sup> Hans Kohn, *Nationalism: Its Meaning and History* (London, 1965), p.9.

<sup>2</sup> J.S. Mill, "Nationality", in Stuart Woolf, ed., *Nationalism in Europe, 1815 to the Present: A Reader* (London, 1996), p.40.

Nationalism, or the extreme loyalty of the people to their group, from which stems the dislike and antagonism towards other nationalities; and the ambition for power and hegemony has been the unique story of Europe. Nationalism has the exaggerated tendency to stress national interests above all others, due to which individual nations believed what they did was right. Nations of Europe acknowledged no superior and recognised no moral codes other than that voluntarily accepted by their own conscience.

As early as the Greek Civilization, this feature of European psyche was evident in the intense jealousy of an imperial and ambitious nature that existed among the city-states or *polis*. Athens, the most powerful of the city-states earned many a rival due to this. Intense rivalry existed among the factions which resulted in furious fighting, as in the case of the Peloponnesian war,<sup>3</sup> which lasted for twenty seven years. Isocrates sums up the psyche of the city-states thus, 'the curse of hellenic politics at this time was the desire for empire. Athens, Sparta, Thebes, Phocis, in turn, strove for supremacy, and as each state mounted on the crest of fortune,

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<sup>3</sup> The Peloponnesian War started off initially as a quarrel between Dorian Corinth and her colony, Corcyra. Both parties appealed to Athens for help. Athens sided with Corcyra, as Dorian Corinth was a strong commercial rival. This localised quarrel widened and spread among the other factions resulting in Sparta and Persia teaming up against Athens and defeating it completely.



it was pulled back into the trough by its jealous rivals."<sup>4</sup>

Similarly, Rome which was a mere city-state became a great empire purely by the logic of war. Slowly, others too came into the reckoning - Germans, Swedes, Spaniards, etc. Europe was now divided into distinct political entities - each proud of its own grandeur and vying with the other for power.

By the sixteenth century, these entities had started organising themselves into nation states; it first clearly emerged in the Atlantic rim - Portugal, Spain, France and England. The nation - states ushered in a new kind of nationalism which 'glorified the peculiar and the parochial, national differences and national individualities'.<sup>5</sup>

The emergence of the sovereign nations brought with it a definite acceptance of international anarchy. Over the years these tendencies became more and more pronounced. Mutual fear and mutual suspicion, aggression masquerading as defence and defence masquerading as aggression kept Europe more continually embroiled in war - open or veiled. As Hobbes said, peace itself was a latent war. Aggressiveness was intensified as the nations tacitly subscribed to the thesis of Machiavelli: "The state is an organic structure whose full power can be maintained only

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<sup>4</sup> Quoted in HAL Fisher, *A History of Europe* vol. I (London, 1936), p.40.

<sup>5</sup> Kohn, n.1, p.15.

by allowing it in some way to continue growing."<sup>6</sup> War came to be justified and glorified as it was a means to both individual and national aggrandizement. Acquiring supremacy over others became the motive of nations. One's endeavour to acquire supremacy became others endeavour to combine and defeat it.

As a consequence, nationalism became, firstly, a force for colonial expansion, a force by which large nations became fatally attracted to expansion as the expression of their power. Secondly, a force for economic expansion, wherein powerful nations took advantage of the underdeveloped world; and, lastly, a force for aggression, which motivated nations to acquire greater wealth, territory, people and power, as in the case of Wilhelminian Germany, Nazi Germany and Fascist Italy.<sup>7</sup>

## **NATIONALISM AS A FORCE OF COLONIAL AND ECONOMIC EXPANSION IN EUROPE**

### *Territorial Expansions*

Nations have traditionally used the means of territorial expansion to impress their superiority or power over others. The explorations and expansions of the sixteenth and seventeenth centuries signalled a major

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<sup>6</sup> Herbert J. Muller, *Freedom in the Western World: From the Dark Ages to the Rise of Democracy* (London, 1963), p.204.

<sup>7</sup> Louis L. Snyder, *The New Nationalism* (New York, 1968), pp.3-4.

chapter of European history, i.e., the drive for power. This period saw the European states contending for mastery, not only over one another, but over the world too. Colonial Empires rose and fell. The first ones to found empires were Portugal, Spain and Holland.

Portugal, a tiny nation, perpetually short of ships and men,<sup>8</sup> by sheer grit grew rich and powerful by its overseas expansions and found a powerful empire in the east. The prosperity of Portugal brought others into the picture. When any nation becomes strong and acquires wealth, it is not long before others seek to attack, reduce or annex it, or to establish colonies of their own; the incentive being national prestige. So, when Portugal prospered on the gold and slaves of Africa and the spices of Asia, Spain felt it gained nothing. And, so followed some of the fiercest battles between the two; so much so that the Pope had to intervene and divide the world between the two Iberian powers. Spain swiftly amassed wealth, land and power by means of annexations. Proud Spain became the greatest power in Europe through the riches it had won by exceptional daring, fervor, cruelty and luck. By 1580, Spain annexed Portugal and her empire too, thus taking Spain to her greatest moment in history and establishing its hegemony over the continent.

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<sup>8</sup> G.V. Scammell, *The First Imperial Age: European Overseas Expansion 1400-1715* (London, 1989), pp.10-15.

The Spanish mastery threatened the rest of the continent, especially the Protestant world. The Protestants, led by the Dutch and the English, engaged in some of the most vicious privateering wars<sup>9</sup> with the Iberians till the end of the century. Slowly but surely, Spain was wiped out from the east; and Latin America too, which had been once an exclusive Hispanic domain became a theatre of conflicts between European powers.

Holland, on the other hand, became a great power, in Europe and overseas, by means of aggression. Holland had the most efficient and largest merchant fleet in Europe. By sheer aggression they built a monopoly in trade and made in-roads into the lucrative markets first developed by the Portugese. Their aggression invited retaliation. They were hated for their aggression but were flattered by imitation.<sup>10</sup>

The colonial powers adopted the policy of seeking to achieve monopoly as it meant national aggrandizement. For this purpose they gave exclusive privileges to closed stock companies, such as the Dutch East India Company and the British East India Company. In this process, Holland and England, which had been allies and fellow protestants became

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<sup>9</sup> Privateering was a method adopted by the Kings of Europe wherein they secured warships to fight their enemies by authorising their subjects to fit out armed vessels at their own expense, and to keep what ever they could capture from the enemy less a percentage which went to the King.

<sup>10</sup> Geoffrey Treasure, *The Making of Modern Europe 1648-1780* (London, 1985), p.79.

the most resolute opponents.

Similarly, Great Britain established an empire by acquiring new territories in the West Indies, America and the East Indies, of which it was said that the sun never set on it. In terms of both territory and population, the British Empire was the greatest. To hold the empire, it was necessary for Britain to wage war after war, not only overseas but also in Europe.

Finally, France, though it started late, beginning with the annexation of Tunis in the 1870s, quickly added territories in the Far East to its Empire and soon became the greatest colonial power next to Britain. This led to friction between the two and the Fashoda crisis brought the two on the brink of war.

### *Economic Expansions*

In the meantime, the Industrial Revolution brought with it a greater demand for new sources of raw materials and new markets for surplus goods. The industrialisation of more and more countries of Europe, like Germany and France, brought these countries, especially Germany, into keen competition with Britain for supply of manufactured goods, which had been the monopoly of Britain for decades.

The new industrialisation, instead of suppressing nationalism and national differences, stimulated them. Though both capital and labour are interested in the status of world finance and industry, both are much more

deeply involved in the conditions of the national economy. Hence, if nothing else nationalism grew more virulent.

States now had to compete more vigorously for trade and colonies. Prizes would go to those who were most successful in enlarging their share of what was held to be fixed - be it trade, or colonies.

In Hobson's words, imperialism in Europe 'involved the aggressive search for, and international conflict over territory or spheres of influence providing markets and outlets for investment'<sup>11</sup> and according to Schumpeter, it is 'the objectless disposition on the part of a state to unlimited forcible expansion.'<sup>12</sup> Hence with the commercial and political interests of nations intermingling, imperial expansion became just an incoherent striving for national status. Colonies, as Louis XIV of France said, meant adding to the 'greatness of the mother country'. Prestige was the key factor. Colonial empire came to be regarded as status symbols. This is evident by Caprivi's suggestion that once Germany came into possession of colonies, Germans would become a great power!

However, the main characteristic of imperialism was the rivalry among the nations of Europe on a global scale. This rivalry together with intensified national feeling led to an arms race in which the nations of

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<sup>11</sup> Andrew Porter, *European Imperialism, 1860-1941* (London, 1994), p.9.

<sup>12</sup> Ibid., p.9.

Europe spent millions of pounds, marks, francs, lire, rubbles and kroners to build up armaments in a bid to provide security. In this process, the navy became the symbol of their strength and pride.

Hence, 'obsessed by their own rivalries, none of the European powers was prepared to stand aside while others extended their territories, or to withdraw and leave a void into which a potential enemy might move.'<sup>13</sup>

## **EUROPE AS A THEATRE OF PROLONGED INTERNECINE WARS**

'The origins of Europe were hammered out on the anvil of war'<sup>14</sup>; and indeed 'war' is really too benign a term to describe the condition of the European continent. Taking the period 1495-1975, Jack S. Levy has provided a chronological account of the wars inside and outside of Europe involving the European states, especially the Great Powers. In the said period a total of 119 wars were fought, out of which 114 were fought prior to the Second World War. An interesting feature is that the wars have been fairly continuous with hardly any years when no war was fought. Table 1 shows the number of states involved in the different wars and

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<sup>13</sup> M.S. Anderson, *The Ascendancy of Europe 1815-1914* (London, 1985), p.276.

<sup>14</sup> Michael Howard, *War in European History* (Oxford, 1976), p.1.

Table I: Interstate Wars Involving the Great Powers, 1495-1975

War	*Denotes Great Power war.	Dates	Fr	Eng	Sp	AH	Tur	UH	Net	Sw	Rus	Ger	It	US	Jap	Ch
1	*War of the League of Venice	1495-1497	■		■	■										
2	Polish-Turkish War	1497-1498					■									
3	Venetian-Turkish War	1499-1503					■									
4	First Milanese War	1499-1500	■													
5	*Neapolitan War	1501-1504	■		■											
6	War of the Cambrian League	1508-1509	■		■	■										
7	*War of the Holy League	1511-1514	■	■	■	■										
8	*Austro-Turkish War	1512-1519				■	■									
9	Scottish War	1513-1515		■												
10	*Second Milanese War	1515-1515	■		■	■										
11	*First War of Charles V	1521-1526	■	■					■							
12	*Ottoman War	1521-1531					■	■								
13	Scottish War	1522-1523		■												
14	*Second War of Charles V	1526-1529	■	■					■							
15	*Ottoman War	1532-1535					■	■								
16	Scottish War	1532-1534		■												
17	*Third War of Charles V	1536-1538	■						■							
18	*Ottoman War	1537-1547					■	■								
19	Scottish War	1542-1550		■												
20	*Fourth War of Charles V	1542-1544	■						■							
21	*Siege of Boulogne	1544-1546	■	■												
22	*Arundel's Rebellion	1549-1550	■	■												
23	*Ottoman War	1551-1556					■	■								
24	*Fifth War of Charles V	1552-1556	■						■							
25	*Austro-Turkish War	1556-1562				■	■									
26	*Franco-Spanish War	1556-1559	■	■	■											
27	*Scottish War	1559-1560	■	■												
28	*Spanish-Turkish War	1559-1564			■		■									
29	*First Huguenot War	1562-1564	■	■												



Table I: contd...2

War	Dates	Fr	Eng	Sp	AH	Tur	UH	Net	Sw	Rus	Ger	It	US	Jap	Ch
30	*Austro-Turkish War				■	■									
31	*Spanish-Turkish War			■		■									
32	*Austro-Turkish War				■	■									
33	Spanish-Portuguese War			■											
34	Polish-Turkish War					■									
35	*War of the Armada		■	■											
36	Austro-Polish War				■										
37	*War of the Three Henries	■		■											
38	*Austro-Turkish War				■	■									
39	Franco-Savoian War	■													
40	*Spanish-Turkish War			■		■									
41	Austro-Venetian War				■										
42	Spanish-Savoian War			■											
43	Spanish-Venetian War			■											
44	*Spanish-Turkish War			■		■									
45	Polish-Turkish War					■									
46	*Thirty Years' War—Bohemian		■	■	■			■							
47	*Thirty Years' War—Danish	■	■	■	■			■	■						
48	*Thirty Years' War—Swedish			■	■			■	■						
49	*Thirty Years' War—Swedish-French	■		■	■			■	■						
50	Spanish-Portuguese War			■											
51	Turkish-Venetian War					■									
52	*Franco-Spanish War	■		■											
53	Scottish War		■												
54	*Anglo-Dutch Naval War		■					■							
55	*Great Northern War				■			■	■						
56	*English-Spanish War		■	■											
57	Dutch-Portuguese War							■							
58	*Ottoman War	■			■	■									
59	Sweden-Bremen War								■						
60	*Anglo-Dutch Naval War	■	■					■							

Table I: contd...3

War	* Denotes Great Power war.	Dates	Fr	Eng	Sp	AH	Tur	UH	Net	Sw	Rus	Ger	It	US	Jap	Ch
61	*Devolutionary War	1667-1668	■		■											
62	*Dutch War of Louis XIV	1672-1678	■	■	■	■			■	■						
63	Turkish-Polish War	1672-1676					■									
64	Russo-Turkish War	1677-1681					■									
65	*Ottoman War	1682-1699				■	■									
66	*Franco-Spanish War	1683-1684	■		■											
67	*War of the League of Augsburg	1688-1697	■	■	■	■			■							
68	*Second Northern War	1700-1721		■						■						
69	*War of the Spanish Succession	1701-1713	■	■	■	■			■							
70	Ottoman War	1716-1718				■										
71	*War of the Quadruple Alliance	1718-1720	■	■	■	■										
72	*British-Spanish War	1726-1729		■	■											
73	*War of the Polish Succession	1733-1738	■		■	■					■					
74	Ottoman War	1736-1739				■					■					
75	*War of the Austrian Succession	1739-1748	■	■	■	■					■	■				
76	Russo-Swedish War	1741-1743									■					
77	*Seven Years' War	1755-1763	■	■	■	■					■	■				
78	Russo-Turkish War	1768-1774									■					
79	Confederation of Bar	1768-1772									■					
80	*War of the Bavarian Succession	1778-1779				■						■				
81	*War of the American Revolution	1778-1784	■	■	■											
82	Ottoman War	1787-1792				■					■					
83	Russo-Swedish War	1788-1790									■					
84	*French Revolutionary Wars	1792-1802	■	■	■	■					■	■				
85	*Napoleonic Wars	1803-1815	■	■	■	■					■	■				
86	Russo-Turkish War	1806-1812		■							■					
87	Russo-Swedish War	1808-1809									■					
88	War of 1812	1812-1814		■												
89	Neapolitan War	1815-1815				■										

Table 1: contd...4

War	Dates	Fr	Eng	Sp	AH	Tur	UH	Net	Sw	Rus	Ger	It	US	Jap	Ch
90	Franco-Spanish War	1823-1823	■												
91	Navarino Bay	1827-1827	■	■						■					
92	Russo-Turkish War	1828-1829								■					
93	Austro-Sardinian War	1848-1849				■									
94	First Schleswig-Holstein War	1849-1849										■			
95	Roman Republic War	1849-1849	■			■									
96	*Crimean War	1853-1856	■	■						■					
97	Anglo-Persian War	1856-1857		■											
98	*War of Italian Unification	1859-1859	■			■									
99	Franco-Mexican War	1862-1867	■												
100	Second Schleswig-Holstein War	1864-1864				■						■			
101	*Austro-Prussian War	1866-1866				■						■	■		
102	*Franco-Prussian War	1870-1871	■									■			
103	Russo-Turkish War	1877-1878								■					
104	Sino-French War	1884-1885	■												
105	Russo-Japanese War	1904-1905								■					
106	Italo-Turkish War	1911-1912										■			
107	*World War I	1914-1918	■	■		■				■	■	■	■	■	■
108	*Russian Civil War	1918-1921	■	■						■			■	■	■
109	Manchurian War	1931-1933												■	
110	Italo-Ethiopian War	1935-1936										■			
111	Sino-Japanese War	1937-1941												■	
112	*Russo-Japanese War	1939-1939								■				■	■
113	*World War II	1939-1945	■	■						■	■	■	■	■	■
114	Russo-Finnish War	1939-1940								■					
115	*Korean War	1950-1953	■	■									■		■
116	Russo-Hungarian War	1956-1956								■					
117	Sinai War	1956-1956	■	■											
118	Sino-Indian War	1962-1962													■
119	Vietnam War	1965-1973											■		

Table II: The War Data

War	Dates	Duration	Extent	Magnitude	Severity	Intensity	Concentration
1 *War of the League of Venice	1495-1497	2.0	3	6.0	8000	119	1333
2 Polish-Turkish War	1497-1498	1.0	1	1.0	3000	45	3000
3 Venetian-Turkish War	1499-1503	4.0	1	4.0	4000	60	1000
4 First Milanese War	1499-1500	1.0	1	1.0	2000	29	2000
5 *Neapolitan War	1501-1504	3.0	2	5.0	18000	269	3600
6 War of the Cambrian League	1508-1509	1.0	3	3.0	10000	145	3333
7 *War of the Holy League	1511-1514	3.0	4	12.0	18000	261	1500
8 *Austro-Turkish War	1512-1519	7.0	2	14.0	24000	343	1714
9 Scottish War	1513-1515	2.0	1	2.0	4000	57	2000
10 *Second Milanese War	1515-1515	.5	3	1.5	3000	43	2000
11 *First War of Charles V	1521-1526	5.0	3	15.0	30000	420	2000
12 *Ottoman War	1521-1531	10.0	2	20.0	68000	958	3400
13 Scottish War	1522-1523	1.0	1	1.0	3000	41	3000
14 *Second War of Charles V	1526-1529	3.0	3	8.0	18000	249	2250
15 *Ottoman War	1532-1535	3.0	2	6.0	28000	384	4667
16 Scottish War	1532-1534	2.0	1	2.0	4000	55	2000
17 *Third War of Charles V	1536-1538	2.0	2	4.0	32000	438	8000
18 *Ottoman War	1537-1547	10.0	2	20.0	97000	1329	4850
19 Scottish War	1542-1550	8.0	1	8.0	13000	176	1625
20 *Fourth War of Charles V	1542-1544	2.0	2	4.0	47000	629	11750
21 *Siege of Boulogne	1544-1546	2.0	2	4.0	8000	107	2000
22 *Arundel's Rebellion	1549-1550	1.0	2	2.0	6000	79	3000
23 *Ottoman War	1551-1556	5.0	2	10.0	44000	578	4400
24 *Fifth War of Charles V	1552-1556	4.0	2	8.0	51000	668	6375
25 *Austro-Turkish War	1556-1562	6.0	2	12.0	52000	676	4333
26 *Franco-Spanish War	1556-1559	3.0	3	8.0	24000	316	3000
27 *Scottish War	1559-1560	1.0	2	1.5	6000	78	4000
28 *Spanish-Turkish War	1559-1564	5.0	2	10.0	24000	310	2400
29 *First Huguenot War	1562-1564	2.0	2	4.0	6000	77	1500

Table II: contd...2

30	*Austro-Turkish War	1565-1568	3.0	2	6.0	24000	306	4000
31	*Spanish Turkish War	1569-1580	11.0	2	22.0	48000	608	2182
32	*Austro-Turkish War	1576-1583	7.0	2	14.0	48000	600	3429
33	Spanish-Portuguese War	1579-1581	2.0	1	2.0	4000	50	2000
34	Polish-Turkish War	1583-1590	7.0	1	7.0	17000	210	2429
35	*War of the Armada	1585-1604	19.0	2	38.0	48000	588	1263
36	Austro-Polish War	1587-1588	1.0	1	1.0	4000	49	4000
37	*War of the Three Henries	1589-1598	9.0	2	18.0	16000	195	889
38	*Austro-Turkish War	1593-1606	13.0	2	26.0	90000	1086	3462
39	Franco-Savoian War	1600-1601	1.0	1	1.0	2000	24	2000
40	*Spanish-Turkish War	1610-1614	4.0	2	8.0	15000	175	1875
41	Austro-Venetian War	1615-1618	3.0	1	3.0	6000	70	2000
42	Spanish-Savoian War	1615-1617	2.0	1	2.0	2000	23	1000
43	Spanish-Venetian War	1617-1621	4.0	1	4.0	5000	58	1250
44	*Spanish-Turkish War	1618-1619	1.0	2	2.0	6000	69	3000
45	Polish-Turkish War	1618-1621	3.0	1	3.0	15000	173	5000
46	*Thirty Years' War—Bohemian	1618-1625	7.0	4	15.0	304000	3535	20267
47	*Thirty Years' War—Danish	1625-1630	5.0	6	26.0	302000	3432	11615
48	*Thirty Years' War—Swedish	1630-1635	5.0	4	20.0	314000	3568	15700
49	*Thirty Years' War—Swedish-French	1633-1648	13.0	5	65.0	1151000	12933	17708
50	Spanish-Portuguese War	1642-1668	26.0	1	26.0	80000	882	3077
51	Turkish-Venetian War	1645-1664	19.0	1	19.0	72000	791	3790
52	*Franco-Spanish War	1648-1659	11.0	2	22.0	108000	1187	4909
53	Scottish War	1650-1651	1.0	1	1.0	2000	22	2000
54	*Anglo-Dutch Naval War	1652-1655	3.0	2	6.0	26000	282	4333
55	*Great Northern War	1654-1660	6.0	3	12.0	22000	238	1833
56	*English-Spanish War	1656-1659	3.0	2	6.0	15000	161	2500
57	Dutch-Portuguese War	1657-1661	4.0	1	4.0	4000	43	1000
58	*Ottoman War	1657-1664	7.0	3	13.0	109000	1170	8385
59	Sweden-Bremen War	1665-1666	1.0	1	1.0	2000	11	1000
60	*Anglo-Dutch Naval War	1665-1667	2.0	3	6.0	37000	392	6167

Notes: \* Denotes Great Power war. The units of measurement are as follows: duration—years; extent—number of Powers; magnitude—nation-years; severity—battle deaths per million European population; concentration—battle deaths per nation-year.

Table II: contd...3

War	Dates	Duration	Extent	Magnitude	Severity	Intensity	Concentration
61 *Devolutionary War	1667-1668	1.0	2	2.0	4000	42	2000
62 *Dutch War of Louis XIV	1672-1678	6.0	6	33.0	342000	3580	10364
63 Turkish-Polish War	1672-1676	4.0	1	4.0	5000	52	1250
64 Russo-Turkish War	1677-1681	4.0	1	4.0	12000	125	3000
65 *Ottoman War	1682-1699	17.0	2	34.0	384000	3954	11294
66 *Franco-Spanish War	1683-1684	1.0	2	2.0	5000	51	2500
67 *War of the League of Augsburg	1688-1697	9.0	5	45.0	680000	6939	15111
68 *Second Northern War	1700-1721	21.0	2	27.0	64000	640	2370
69 *War of the Spanish Succession	1701-1713	12.0	5	60.0	1251000	12490	20850
70 Ottoman War	1716-1718	2.0	1	2.0	10000	98	5000
71 *War of the Quadruple Alliance	1718-1720	2.0	4	8.0	25000	245	3125
72 *British-Spanish War	1726-1729	3.0	2	6.0	15000	144	2500
73 *War of the Polish Succession	1733-1738	5.0	4	20.0	88000	836	4400
74 Ottoman War	1736-1739	3.0	2	6.0	38000	359	6333
75 *War of the Austrian Succession	1739-1748	9.0	6	44.0	359000	3379	8159
76 Russo-Swedish War	1741-1743	2.0	1	2.0	10000	94	5000
77 *Seven Years' War	1755-1763	8.0	6	38.0	992000	9118	26105
78 Russo-Turkish War	1768-1774	6.0	1	6.0	14000	127	2333
79 Confederation of Bar	1768-1772	4.0	1	4.0	14000	149	3500
80 *War of the Bavarian Succession	1778-1779	1.0	2	2.0	300	3	150
81 *War of the American Revolution	1778-1784	6.0	3	15.0	34000	304	2267
82 Ottoman War	1787-1792	5.0	2	10.0	192000	1685	19200
83 Russo-Swedish War	1788-1790	2.0	1	2.0	3000	26	1500
84 *French Revolutionary Wars	1792-1802	10.0	6	51.0	663000	5816	13000
85 *Napoleonic Wars	1803-1815	12.0	6	58.0	1869000	16112	32224
86 Russo-Turkish War	1806-1812	6.0	2	7.0	45000	388	6429
87 Russo-Swedish War	1808-1809	1.5	1	1.5	6000	51	4000
88 War of 1812	1812-1814	2.5	1	2.5	4000	34	1600
89 Neapolitan War	1815-1815	.2	1	.2	2000	17	10000

Table II: contd.,4

90	Franco-Spanish War	1823-1823	.9	1	.6	400	3	667
91	Navarino Bay	1827-1827	.1	3	.1	180	2	1800
92	Russo-Turkish War	1828-1829	1.4	1	1.4	50000	415	35714
93	Austro-Sardinian War	1848-1849	1.0	1	1.0	5600	45	5600
94	First Schleswig-Holstein War	1849-1849	1.2	1	1.2	2500	20	2083
95	Roman Republic War	1849-1849	.2	2	.4	600	4	1500
96	*Crimean War	1853-1856	2.4	3	6.2	217000	1743	35000
97	Anglo-Persian War	1856-1857	.4	1	.4	500	4	1250
98	*War of Italian Unification	1859-1859	.2	2	.4	20000	159	50000
99	Franco-Mexican War	1862-1867	4.8	1	4.8	8000	64	1667
100	Second Schleswig-Holstein War	1864-1864	.5	2	1.0	1500	12	1500
101	*Austro-Prussian War	1866-1866	.1	3	3.0	34000	270	113333
102	*Franco-Prussian War	1870-1871	.6	2	1.2	180000	1415	150000
103	Russo-Turkish War	1877-1878	.7	1	.7	120000	935	171429
104	Sino-French War	1884-1885	1.0	1	1.0	2100	16	2100
105	Russo-Japanese War	1904-1905	1.6	1	1.6	45000	339	28125
106	Italo-Turkish War	1911-1912	1.1	1	1.1	6000	45	5454
107	*World War I	1914-1918	4.3	8	29.9	7734300	57616	258672
108	*Russian Civil War	1918-1921	3.0	5	13.0	5000	37	385
109	Manchurian War	1931-1933	1.4	1	1.4	10000	73	7143
110	Italo-Ethiopian War	1935-1936	.6	1	.6	4000	29	6667
111	Sino-Japanese War	1937-1941	4.4	1	4.4	250000	1813	56819
112	*Russo-Japanese War	1939-1939	.4	2	.7	16000	116	22857
113	*World War II	1939-1945	6.0	7	28.0	12948300	93665	462439
114	Russo-Finnish War	1939-1940	.3	1	.3	50000	362	166667
115	*Korean War	1950-1953	3.1	4	11.3	954960	6821	84510
116	Russo-Hungarian War	1956-1956	.1	1	.1	7000	50	70000
117	Sinai War	1956-1956	.1	2	.1	30	0	300
118	Sino-Indian War	1962-1962	.1	1	.1	500	1	5000
119	Vietnam War	1965-1973	8.0	1	8.0	56000	90	7000

Notes: \* Denotes Great Power war. The units of measurement are as follows: duration—years; extent—number of Powers; magnitude—nation-years; severity—battle deaths per million European population; concentration—battle deaths per nation-year.

Table 2 shows the War Data.<sup>15</sup> Of the total wars listed in the tables, two-thirds were over within five years, and nearly 90 percent within ten years, but five wars lasted more than fifteen years. Most of the wars involved three to four powers but The Thirty Years War, The Napoleonic Wars and the two World Wars saw six and more powers fighting each other. The destruction in terms of loss of human lives has also been severe over the years, but the Second World War surpasses all figures with the astronomical figure of 1,29,48,300 battle deaths per million European population.

Taking one of these wars, i.e., The Thirty Years War, as an example, we can understand the hostility and deep suspicion that existed among the nations of Europe. The war began as a conflict in central Europe between the Catholic Habsburg emperor and his Bohemian subjects over religion and imperial power. This conflict escalated as the German princes joined in support of one side or the other. The individual German states, especially Saxony, Brandenburg, Bavaria, and the Palatinate, gained power as the emperor was becoming less powerful. Catholic Bavaria had great ambitions and so did Calvinist Palatine. Neither wanted the other to expand and Germany, which was a patchwork of states became full of contradictions which led to furious fighting.

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<sup>15</sup> Source Jack S. Levy, *War in the Modern Great Power System, 1495-1975* (Lexington, 1983).



This war extended to Western Europe with the entry of Spain, The Netherlands and France. Although Spain entered the war on the pretext of aiding its Austrian cousins, it had other reasons for taking sides with the Austrians against the Dutch and the French. The Spanish feared the economic impact of Dutch power on their colonies and hence hated the Dutch. On the other hand, Spain and France were natural competitors in Western Europe and in Italy. Consequently Spain hated France too. The Dutch, on the other hand, hated the Spanish and suspected the French; whereas the French suspected both the others. The natural result of such suspicions and hatred was war.<sup>16</sup>

In the north, it was the question of the control of the Baltic, and the players were Denmark, Sweden, Poland and Russia. In the sixteenth century, when Sweden began its quest for pre-eminence in the Baltic, the other powers, especially Denmark and Poland were determined to defeat Sweden, if not reconquer it.

Hence The Thirty Years War is a fitting example of the ambitions of the nations of Europe and each one's fear of the others ambitions which almost always resulted in war.

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<sup>16</sup> Myron P. Gutmann, "The Origins of The Thirty Years' War", in Robert I. Rotberg and Theodore K. Robb, ed., *The Origins and Prevention of Major Wars* (Cambridge, 1989), p.184.

## **AGGRESSIVE NATIONALISM IN EUROPE**

Aggression or the use of armed force by a state against the sovereignty, territorial integrity or political independence of another state,<sup>17</sup> has been an integral part of all the territorial expansions carried out by the nations of Europe. In the past, this has reflected in the ambitions of individuals like Alexander the Great and Napoleon. These cannot be brushed aside as stray incidents of individual ambitions, as they were an indication of the mood/psyche of their nations. For example, despite his pathetic defeat at the hands of the Allies and his subsequent exile in Elba, When Napoleon returned to France, he was greeted with shouts of 'Vive l'Empereur'.<sup>18</sup>

### **Germany as a Major Aggressor in Europe**

#### *(a) Germany under Kaiser William II*

1871 saw the emergence of a unified Germany in Europe, by which time the world, almost entirely, had been divided among the established nations of Europe. Bismarck, who had been averse to territorial expansion earlier, changed his policy after 1871. The two successful wars against Austria (1866) and France (1870) gave the Germans the required

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<sup>17</sup> E.M. Kirkpatrick, *Chambers: 20th Century Dictionary* (New Delhi, 1984), p.22.

<sup>18</sup> Felix Markham, *Napoleon* (London, 1963), p.209.

confidence and they demanded their share of power and glory and respect from the other Europeans. The new Kaiser put himself at the head of this new movement, and announced that henceforth nothing must be done in any part of the world without the cognizance and acquiescence of Germany. As Prince von Bulow, an important member of Kaiser William's council once said, "Our honour demands that no treaty should be made in any part of the world henceforth without the approval of Germany."<sup>19</sup> It was this desire for recognition as a Great Power that led Germany to adopt aggressive methods.

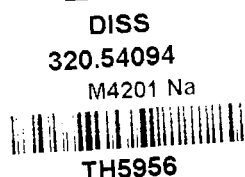
The German Empire rose to "greatness" as a sort of pirate state. There was a particular ruthlessness with which they pressed their nationalistic aims. They forcibly seized Silesia, Schleswig - Holstein, Hanover, Hesse - Cassal, Frankfurt, Alsace and Lorraine.<sup>20</sup> Similarly, the Frankfurt assembly simply granted Bohemia as 'German land' completely ignoring Czech nationalism; on the Polish question, the motion of Ruge and Blum, calling for support of a reconstituted Poland, was voted down by 343 votes to 31. Also the province of Posen was declared German despite opposition from the Polish population.<sup>21</sup> In order to hold this huge empire,

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<sup>19</sup> Quoted in Grover Clark, *A Place in the Sun* (New York, 1937), p.50.

<sup>20</sup> B.B. Mowat, *Contemporary Europe and overseas; 1898-1920* (London, 1950), p.23.

<sup>21</sup> Geoffery Barraclough, "German Unification: An Essay in Revision", in G.A. Hayes - Mc Coy, ed., *Historical Studies IV: Papers Read before the Fifth Irish Conference of Historians* (London, 1963), p.72.



a large army was required. The German Army was the dominating feature in Europe.

National pride and ambition grew and it was fuelled most by the Kaiser, according to whom, "we Germans fear God and nothing else in the world".<sup>22</sup> A well planned out propaganda was unleashed. Professors, politicians, soldiers and newspaper editors joined together to praise Germany and put down her neighbours. The works of Prof. Heinrich von Treitschke, who talked of German world domination, were introduced into German schools as standard works.

In 1859, Julius Froebel had shouted in parliament, "The German nation is sick of principles and doctrines, of literary existence and theoretical greatness. What it wants is Power, Power, Power!"<sup>23</sup> And this quest for power forced the continent into the First World War.

(b) *Hitler's Nationalism and Aggression*

The First World War, According to Fritz Fischer, was willed by Germany in 1914, in order to realise her expansionist ambitions in Europe and overseas.<sup>24</sup> Expansion of its European power base at the expense of

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<sup>22</sup> Virginia Cowles, *The Kaiser* (London, 1963), p.106.

<sup>23</sup> Barraclough, n.19, p.72.

<sup>24</sup> John Lowe, *The Great Powers, Imperialism and the German Problem, 1865 - 1925* (London and New York, 1994), p.233.

its neighbours was in pursuance of the Mitteleuropa programme<sup>25</sup> and the policy of weltpolitik.<sup>26</sup> The German military establishment and the general staff also favoured expansion.

Though defeated in war, and completely stripped off her possessions, and harsh terms imposed on her, through the Paris Peace Conference and the Versailles Treaty, Germany rose back to power, in less than three decades.

Machiavelli had pointed out that you can either crush a foe or make friendship with him; what is most dangerous is to insult him and let him go free. The compromise of Versailles treated Germany as guilty and hurt her in small ways but did not destroy her as a potentially powerful state.<sup>27</sup> And, so, the world was to witness the rise of Germany once again, this time a much more aggressive Germany under Hitler.

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<sup>25</sup> Mitteleuropa means middle or central Europe. Formerly, the central region meant that part of Europe where the German language was spoken i.e. pre-war Germany, Austria, most of Switzerland, parts of Czechoslovakia and Poland. The Kaiser in the pre-World War I years and the Nazis in 1930s invoked the idea of Mitteleuropa to justify their aggressive and expansive actions.

<sup>26</sup> The policy of Weltpolitik was the expansionist foreign policy adopted by Germany in the pre-World War I years. It included the construction of a powerful navy, expansion of the German empire in Central Africa and to create a German dominated customs - union in Central Europe.

<sup>27</sup> Roland N. Stromberg, *Europe in the Twentieth Century* (New Jersey, 1988), p.117.

Hitler rose to power dramatically in Germany in the post First World War period, based on his belief in the racial excellence of the Anglo-Saxons and on the fact that Germans were meant to and had to dominate the world. 'To this solid block in central Europe (i.e. Germany) the world one day will, and must belong'.<sup>28</sup> Further, he'd said, 'there are certain things which, if not achieved in a "friendly manner", must be realised by means of force.'<sup>29</sup>

Hitler's thinking was much influenced by the works of the German scholar, Fredrich Ratzel, according to whom states were always vying with each other for space. Hence, no peoples could be said to have originated in the land they now inhabited nor would they remain on this land forever. Since, a people expands, contracts or migrates, frontiers are only temporary phenomena. Therefore, nations had no natural rights to the land they inhabited.<sup>30</sup> Hitler considered Ratzel's words as a license for disregard for international frontiers and as a justification for aggression. Based on this concept, Hitler popularised Lebensraum.<sup>31</sup>

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<sup>28</sup> Quoted in H.W. Koch, ed., *Aspects of the Third Reich* (London, 1985), p.199.

<sup>29</sup> Quoted in *Ibid*, p.203.

<sup>30</sup> Geoffrey Stoakes, *Hitler and the Quest for World Dominion* (New York, 1986), p.147.

<sup>31</sup> Lebensraum is the German term for 'living-space'. It was first introduced in 1870s but it became a part of German policy in 1920s and 1930s when Adolf Hitler argued that German boundaries were too small to support the German population. Therefore, Germany

In his endeavour to dominate the world, Hitler wished Britain's alliance but Britain's policy of appeasement forced Hitler towards a rapprochement with Italy as an ally. This alliance helped him annex Austria in March 1938. In October 1938, he demanded and won the German - speaking Sudetenland region of Czechoslovakia in the Munich Pact; in March 1939, he annexed the Czech regions of Bohemia and Moravia. Keeping aside his plans of 'living-space' in Russia for sometime, he entered into a pact with Russia in August 1939, which gave him a free hand to invade Poland without Soviet interference. But when he did attack Poland, Britain and France declared war on Germany and the continent was plunged into the Second World War.

### **FRANCO - GERMAN RIVALRY**

One of the outstanding examples of continued hatred and rivalry between nations in Europe, is the one between France and Germany. The deep-rooted hatred and strife in the minds of the people of the two nations is evident from a letter written to the Pope by a French participant of the Fourth Crusade; 'it is very important for this business that the Germans

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would have to conquer foreign territory in order to give the German people more 'living space'. Hitler considered the slavic countries to the east of Germany - namely, Poland and Russia - as Germany's destined Lebensraum.

should not march with the French: for we cannot find in history that they ever were at accord in any momentous common enterprise.<sup>32</sup>

The Franco-German dispute can be traced back to the Treaty of Verdun (843 A.D.) when Charlemagne's Empire was divided among his three grandsons. Though the Treaty brought relative peace, the controversy among the brothers perpetuated over the possession of Metz, Toul, Verdun, Alsace and Lorraine. Later, in the seventeenth century, after the Thirty Years War, France succeeded in legally ratifying its possessions of Metz, Toul and Verdun and it acquired sovereign rights in Alsace. Subsequently, at the Congress of Vienna in 1815 France reaffirmed the incorporation of Alsace and Lorraine in France. But in 1871, Bismarck attacked France, defeated it, and, took over Alsace and Lorraine and hence lay the seed of a future war between the two.

After its defeat in 1871, France lived with the perpetual fear of a German attack and since then the French Security Policy was almost entirely focussed to prevent such an attack. Besides, whenever Germany was powerful enough, it has tried to run down France. And, France's attempt to completely weaken Germany after the First World War did not succeed because again in 1940 Germany defeated France easily.

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<sup>32</sup> Cited in *Nationalism*, (A Report by a Study Group of Members of the Royal Institute of International Affairs) (London, 1963), p.10.



## **THE DECLINE OF EUROPE**

Between 1914 and 1945, the world witnessed the most comprehensive self-destruction of what had once been the mightiest portion of the earth. For over three centuries the European nations had dominated the world, but the insatiable hunger for power and desire to dominate, left Europe embroiled in war which brought Europe down from glory and left it an almost bankrupt estate.

Besides the imperialist antagonisms which drove the nations towards a military cataclysm, the continent was a maze of disunity, mistrust and suspicion. The countless alliances and counter-alliances were an indication of the instability of the system of inter-state relationships. Alliances which blossomed on the uncertain soil of common imperialist interests, ended up being either casual or short lived. Within the alliance, members faced differences which ultimately forced them to come to terms with members of the enemy alliance. The most classic example is that of France. France was perpetually hounded by the fear of a German attack. After the First World War, France was confident that the wartime alliance with the United States and Britain would continue. Similarly, France felt she could bank on the Triple Entente as well. But, United States backed off from its responsibilities and so did Britain; Russia, on the other hand, turned Bolshevik. This left France alone, out in the dark, to find new allies, which it did in the smaller states of Europe like Poland and

Belgium.

These small nations preferred to remain neutral because of their relative size and strength, but, on the other hand, they harboured their own ambitions as well. For example, Belgium. King Leopold II of Belgium, had great designs for his country and wanted Belgium to be powerful. This quest for power found expression in the annexation of Congo. But, on the whole, the small nations were a peaceful lot and hence prosperous, although they were always apprehensive of the Great Powers.

These small states suffered a great deal in the clash of the Great Powers. They could not fight the Great Powers, nor could they fight each other, as the Great Powers would not let them. Moreover, despite their neutral position, they found themselves to be victims of the imperial conquests of the Great Powers; for example Belgium, Luxembourg and Netherlands, during the First World War. Neutrality could not protect Belgium from the German invasion. Similarly, Luxembourg was easily occupied and it took just all of five days for the Germans to eliminate all Dutch military resistance.<sup>33</sup>

Hence, one thing was certain that Europe had clearly lost its position as the world leader. The imperialists were losing control over the colonies; even Britain had to concede full freedom to her colonies; Europe's

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<sup>33</sup> George J. Stein, *Benelux Security Cooperation: A New European Defense Community?* (Boulder, 1990), pp. 1-7.

resources were exhausted, victors as well as vanquished were impoverished and had become debtors to the new world creditor nation, the United States.

### **'THE EUROPEAN IDEA'**

In 1945, when the war ended, the situation in Europe had not changed much. Hatred and mistrust was still very much vibrant and alive among the Great Powers, as well as between the smaller states and the Great Powers. In spite of this, a new thinking developed in Europe - an idea of a united Europe. Why? This was because, the realisation dawned that continuing as before meant continued importance of nation states, which meant the existence of the same old rivalries and tensions which in turn meant a threat of another war. Hence, it became imperative to maintain peace. Europe simply could not afford another war.

As mentioned earlier, Europe was no longer the dominant power it used to be. Two new powers had come up - Soviet Union and United States. Economically, Europe was drained. Almost all the nations of Europe were indebted to the United States.

Further, the existence of a larger Germany in the heart of the continent continued to bother the rest of West Europe. The Germans were too numerous, economically too powerful and, by virtue of their central

location, too important to let them handle their affairs on their own.<sup>34</sup> Hence, it was felt necessary to tie Germany in an institutionalised set up.

But, most of all, the West Europeans realised that none of them, alone, could ever match up to what they used to be in the past, but together they could recover their lost strength and influence. Hence, an integrationist approach was the only answer.

The 'European idea' was based on the political philosophy of Jean Monnet. According to Monnet, it is impossible to change human nature and the nature of the Europeans was to say it with aggression. So, to change this, what was required was to change their minds. If the conditions under which they live changed then their attitude towards their fellow Europeans would also change. So, the idea was to create common interests by setting up communities like the European Coal and Steel Community (ECSC), the European Economic Community (EEC) and the European Atomic Energy Community (Euratom), which were termed 'economic' but were in fact very much 'political'.<sup>35</sup>

Hence after centuries of war and especially two devastating World Wars, the citizens of West Europe realised and accepted it would be lunatic

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<sup>34</sup> Gerhard Wetting, "Shifts Concerning the National Problems in Europe", *Aussen Politik* (Hamburg), vol.44 (1993), p.68.

<sup>35</sup> Max Kohnstamm, *The European Community and its Role in the World* (Columbia, 1963), pp.5-7.

to think about going to war again. So, the West Europeans decided to use what used to be an excuse for war as an incentive to unity. In this endeavour, they set up institutions to help achieve the aim of a closer union among the member states. But the member-states are themselves still a long way from believing that the nation state is all out of date. Even though there is a semblance of unity, their governments are still far away from each other. The centre of power still lies in the national capitals. This is visible both in the political cooperation as well as the economic cooperation. The following chapters will examine these very issues.

## Chapter - II

### POLITICAL DIMENSION

The dynamics of nationalism had triumphed in Europe till the Second World War. Nations were known to go to war for the sake of honour, pride, grandeur, power or faith. These constant internecine quarrels and power struggles caused the decline of Europe's position in the world. By the beginning of the twentieth century itself Europe's leadership in industry, innovation and cultural influence had begun to pass to the United States. The countries of Europe were finding their future defined for them by others, until it was clear that a divided Europe would grow more impotent with every passing decade; separately the European states could never again be the powers that they once were. But together they could regain both strength and influence.<sup>1</sup>

The unprecedented abuse of national power and nationalistic ideology had caused a holocaust of destruction in Europe on a scale without parallel in history, and therefore the credit of the nation-state was weakened drastically.<sup>2</sup> As a result, an alternative approach, i.e., an integrationist approach was thought best for Europe. The energies that

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<sup>1</sup> Michael Heseltine, *The Challenge of Europe: Can Britain Win?* (London, 1989), p.13.

<sup>2</sup> Walter Hallstein, *Europe in the Making* (London, 1972), p.22.

was used for war was decided to be used as an incitement to unity. As Stanley Hoffmann writes, ‘...on the whole, the platforms of the resistance movements show an acute awareness of the dangers of nationalist celebrations and national fragmentation in western Europe’.<sup>3</sup> Hence, they themselves were aware of the dangers of living as in the past and it became imperative to find a way of permanently neutralising the aggressive tendencies of the nation-state.

## MODELS OF INTEGRATION

### Federalist Approach

Federalism is one of the most practicable models of securing full political union outright. It involves the immediate creation of a central political authority, a territorial dispersion of power, and a binding commitment to irrevocable union.<sup>4</sup> Since the ideal was to unite the nation-states of Europe into a common political framework, the federalist approach should have been the natural choice. But, as nations, faced with practical proposals towards that end, they were not ready to surrender their national sovereignty and, instead, favoured inter-governmental

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<sup>3</sup> Leon N. Lindberg and Stuart A. Scheingold, *Europe's Would-be Polity: Patterns of Change in the European Community* (New Jersey, 1970), p.2.

<sup>4</sup> Gordon Smith, *Politics in Western Europe: A Comparative Analysis* (London, 1972), p.299.

cooperation. The Council of Europe, Brussels Pact and the Organisation for European Economic Cooperation were examples of the failure of the federalist approach in Europe.

### **The Functionalist Model**

The alternative model, the functionalist model, was based on the ideas of Jean Monnet, the French champion of European integration. This envisaged a more gradualist approach where integration proceeds by the harmonization of particular governmental structures and policies. In principle, it is never final, never total, but a steady aggregation.<sup>5</sup> According to Jean Monnet, the forces of nationalism could be undermined, in the long run, by the cumulative logic of economic integration; and so, one sector, i.e., the coal and steel sector, was identified for integration on functional lines.

This choice of the Functionalist model over the Federalist model can be termed as the first major defeat of the United Europe, as the functionalist approach does not aim at doing away with the nation-state, instead it was perfectly compatible with the continued existence of the nation-states. It was in David Coombe's words, nothing "but an ingenious attempt to avoid a head-on conflict regarding national sovereignty."<sup>6</sup>

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<sup>5</sup> Ibid, p.300.

<sup>6</sup> David Coombes, *Politics and Bureaucracy in the European Community: A Portrait of the Commission of the E.E.C.* (London,



## INTERESTS OF NATIONS BEHIND ECSC

In the aftermath of the Second World War, any arrangement for cooperation in Europe was inconceivable without the active participation of Great Britain. But the national sentiment of the Britons was such that they found joining with the "continentals" who had been defeated thoroughly in the Second World War while Great Britain alone had preserved her integrity and her self-respect, ridiculous. Stafford Cripps is believed to have said to an American, who was in favour of Anglo-French union: 'How would you like it if we asked you to go to bed with Brazil?'

So, the ECSC had to go ahead without British participation. The other two key players in this arrangement were France and Germany. The Franco-German relations in the immediate post-war years could not exactly be called cordial. France continued to be extremely suspicious of Germany and her primary objective seemed to be the prostration of Germany. But still, these two were instrumental in the establishment of the ECSC. Why exactly did they agree to supranationality? The French coal and steel industry was facing the risk of being outstripped by its German counterpart. Whereas the Germans were re-building an efficient new industry, the French had to work with largely obsolete production

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1970), p.39.

<sup>7</sup> Lord Gladwyn, *De Gaulle's Europe or Why the General Says No* (London, 1969), p.14.

facilities. And, when the French could in no way bring German production under control, there was no alternative but to go for a supranational solution.<sup>8</sup> For the Germans, on the other hand, ECSC meant getting rid of the Allied restrictions and interference; and Germany would be able to re-establish itself in the international mainstream and thereby regain the attributes of its sovereignty. In Dahrendorf's words: 'For our divided country, [Germany] Europe...[was] a substitute for lost national identity.'<sup>9</sup> The ECSC was established thus by the six founding member states - Germany, France, Italy, and the three Benelux countries.

In a divided Europe, the ECSC was made possible only because of the vague and ambiguous terms of the treaty, which was interpreted by each party differently to suit its own interests and beliefs. "It was", as Derek Urwin says, "essentially a temporary coalition of political interests which launched ECSC." Though the ECSC was lauded as a shining example of a successful supra-national organization, its High Authority was far from being a sovereign body. The members were sure to introduce checks and balances into the structure. The High Authority was paralleled by the special Council of Ministers which was essentially an inter-

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<sup>8</sup> Pieter Dankert, "The European Community - Past, Present and Future" in Loukas Tsoukalis, ed., *The European Community: Past Present and Future* (Oxford, 1983), p.5.

<sup>9</sup> Quoted in Haig Simonian, *The Privileged Partnership: Franco-German Relations in the European Community, 1969-1984* (New York, 1985), p.33.

governmental institution. Furthermore, the Benelux countries made the introduction of the Council of Ministers a pre-condition for their participation in the ECSC, as they feared that the ECSC and the High Authority might otherwise be used as instruments of French or German national interests.<sup>10</sup>

So, the mistrust and suspicions were still very much alive among the member-states and each did its best to protect its own national interests.

### **THE EUROPEAN DEFENCE COMMUNITY**

Two years after the establishment of the ECSC, there was another opportunity for Europe to take steps towards a federal Europe. The United States proposed that the German national army be part of the Atlantic Alliance. It was felt that German re-armament would be better in a European set up and hence the French government proposed the establishment of a European Defence Community (EDC) with the characteristics of a supranational military organization. Once again the British refused to participate; the Benelux countries, and Germany ratified the treaty and Italy was expected to ratify soon but France which had proposed the EDC, defeated it.

On the whole, the EDC was very advantageous for Germany but

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<sup>10</sup> Derek W. Urwin, *Western Europe Since 1945: A Short Political History* (London, 1968), pp.167-69.

most disadvantageous for France. France already had an army; Germany had none. France had overseas obligations; Germany had none. The European system would cut the French Army in two parts - the European and the French Union, without endangering the unity of the future Germany Army. Similarly, the European system was based on equality of rights. If Germany could not have an independent army, then France also could not. France would lose its control over its national army. Besides, joining its army to the continental system meant joining with its former enemies and risking yet another German-Italian coalition/domination.<sup>11</sup> Hence, passions of nationalism and fear were aroused in France. Nationalism - the anti German variant, and fear - that if EDC succeeded it would open the road to European unification, which meant the exposure of the weaknesses of the French economy, which was an obvious fall from her glorious era of imperialism.<sup>12</sup>

This defeat of EDC was the second major blow to the concept of United Europe.

## **THE EUROPEAN ECONOMIC COMMUNITY AND EURATOM**

The defeat of the European Defence Community strengthened the

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<sup>11</sup> Raymond Aron, "Historical Sketch of the Great Debate", in Daniel Lerner and Raymond Aron, ed., *France Defeats EDC* (New York, 1957), pp.11-12.

<sup>12</sup> Ardré Philip, "The Interplay of Interests and Passions" in *Ibid*, p.26.

'gradualist' approach. Attention was reverted to the economic sector. Attempts were made towards a sectoral integration in the sphere of atomic energy; and to establish a Common Market.

The negotiations on the Common Market opened and reached a positive conclusion largely because the Dutch and Belgian governments, with German support, made the Common Market the condition for their acceptance of Euratom. This was because they had little faith that unification by sectors would open markets for them. Hence, the treaties of Rome, establishing the European Economic Community (EEC) and Euratom, were signed in 1957 and they came into being in 1958.

Now, as the EEC was in many ways a more radical body than the ECSC, the member-states were not willing to concede as much sovereignty as previously. Hence, the negotiators provided for a drastic limitation on the powers of the EEC's supranational body and introduced strong safeguard clauses, thus furnishing important guarantees to all the states.<sup>13</sup>

The Commission enjoys much less freedom of action than the ECSC's High Authority. Though the Commission can decide, it usually just recommends. The real authority rests with the Council, which is an organ of the national governments represented by ministers. The third institution, the Parliamentary Assembly, enjoys rights of consultations and

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<sup>13</sup> Altiero Spinelli, *The Eurocrats: Conflicts and Crisis in the European Community*, Trans. C. Grove Haines, (Baltimore, 1966), pp.48-9.

recommendations but much less as compared to ECSC as the balance of power rests with the Council.<sup>14</sup>

Furthermore, somewhere down the road the real aim of these communities was lost. National independence and national considerations gained importance. For example, the first annual report of the Euratom Commission said: "the work of Euratom...(serves) the overriding purpose of creating a powerful nuclear industry within the community."<sup>15</sup> Over the years, this sentiment changed, as is evident in another report: "Each of the member state engages in resource activities on which it has embarked independently and which it is pursuing, Euratom is the focal point at which the national programs is blended with the community programme."<sup>16</sup>

But most important of all, these communities were set up without any formal commitment to a particular type of political union though the preamble of the treaty mentioned the 'ever closer union'. The building of a political union was left to the future, a future which was left unchartered. All this implied that there was really no intention to give up the sovereignty of the nation-state completely, but it just helped to develop

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<sup>14</sup> Urwin, n.10, p.253.

<sup>15</sup> Spinelli, n.13, p.40.

<sup>16</sup> Ibid, p.42.

some type of central organisation as the need arose.<sup>17</sup>

Further, two interesting trends were noticed in Europe. First, bilateral negotiations within the community framework were gaining precedence, the most outstanding example being the Franco-German Treaty of Friendship of 1963; and, second, a move towards inter-governmental consultations was on.

In spite of these obvious shortcomings, the EEC was instrumental in bringing its six member-states to work together; and, in the process, the sharp edges of aggressive nationalism of the past was considerably blunted. The four institutions of the EEC - the Commission, the Council of Ministers, the Parliament and the Court of Justice - helped in this endeavour. The sixties saw the EC emerge as a force in the international scene. It was a period of relative stability and growth for the Community, but not without hiccups.

## **DE GAULLE'S AMBITIONS FOR FRANCE**

The Europe of six was supposedly based on the principle of equality, but, it was obvious that the balance was tilted in favour of France; and France used its diplomatic weight to achieve great many concessions for itself. For example, traditionally, the French industry relied on high tariff levels to remain competitive. Now, the fear was that the French markets

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<sup>17</sup> Coombes, n.6, p.24.

would be swamped with German goods under a Common Market situation. So, France, using its diplomatic weight negotiated provisions to safeguard its industrial sector. Similarly, France got a firm commitment on the adoption of the common agricultural policy (CAP) and a special policy for its former colonies.

The one leader who was most ambitious for France was General de Gaulle. When the proposals for a European Community were coming in, he had proposed a confederal scheme. In fact, Churchill and de Gaulle, both wanted a confederal set-up, though each may have expected his own country to be the leader in such a scheme.<sup>18</sup> But, de Gaulle was vehemently opposed to the community method, in which, according to him "the member states would lose their national identities, and which, moreover, in the absence of a federator such as Caesar... would be ruled by some sort of technocratic body of elders, stateless and irresponsible."<sup>19</sup> For de Gaulle, a confederal set-up with French leadership was the ideal and most appropriate answer for Europe.

Nations, and more particularly the French nation, are the product of centuries, sometimes millenia, of growth and cannot therefore be abolished, "merged" or even restricted in

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<sup>18</sup> David P. Calleo, *Europe's Future: The Grand Alternatives* (London, 1967), pp.83-84.

<sup>19</sup> John Lambert, "The Constitutional Crisis 1965-66", *Journal of Common Market Studies* (Oxford), Vol.4 (1969), p.214.



the full exercise of their complete independence, except by an act of force. Even if they are physically suppressed for a time they tend to recover their "individuality". Nevertheless Europe has a vital role to play in the world and must come together and speak with one voice if domination by one superpower or the other is to be avoided. Therefore, there is only one solution: they must all come together under the aegis of France, the most ancient, the most central and, it must be recognised, the most civilized of all the European countries.<sup>20</sup>

Moreover, the slights France had suffered at the hands of Germany and the Allies during the war, the shame of defeat in Indo-China, and especially the trauma of the Algerian crisis, had increased the importance of these considerations. Hence, there was this constant stress on prestige and autonomy, which manifested most assertively in the creation of an independent nuclear deterrent.

On 16 September 1968, General de Gaulle is said to have sent a memorandum to the United States and the British governments which suggested the formation of a "World Directorate" by these three governments, which would take major decisions affecting world policy, including nuclear decisions. This meant that France could veto any major move suggested by the United States and France would be speaking for the Community, i.e. there would be some sort of acknowledged French leadership.<sup>21</sup>

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<sup>20</sup> Gladwyn, n.7, p.64.

<sup>21</sup> Ibid, pp. 59-60.

## **THE CONSTITUTIONAL CRISIS 1965-66**

One incident which rocked the Community in the 1960s was the constitutional crisis of 1965-66. In fact, this incident came close to breaking the Community.

In 1965, the EEC Commission made some proposals - the highlights of which were - firstly, a gradual take-over by a Community Agricultural Fund of the full cost of the common agricultural policy; secondly, the revenues obtained from the import levies on foodstuffs should go directly to the Community, to finance the farm policy as a whole, instead of going to the national governments which would then have paid proportionate contributions; and lastly, the Commission proposed a more influential role for the European Parliament in the procedure for establishing the Community budget, which implied that the disposal of the proceeds of the levies on the imported food stuffs would be decided by a weighted majority vote in the European Parliament. If this were to be accepted, it meant a blow to France particularly, as France would no longer be able to impose a veto on any proposal within the sphere of the treaty to which it objected earlier on purely national grounds.

France reacted to the proposal by calling back its Permanent Representative, M. Jean Mare Boegner, and issued a statement that 'for the moment the French delegation would not take part in the Council of EEC. In addition, the French government has also called for the cancellation of

the session of the ECSC Council scheduled for 13 July.<sup>22</sup> France kept itself absent from all Community meetings for almost six months leading to the speculation whether the Community could continue in this manner.

Finally, in a meeting held on 17 and 18 January 1966, in Luxembourg, a compromise was arrived at. It was guaranteed that no country would ever be outvoted on an issue it held that a vital national interest was at stake. In this manner, the Community survived one of its biggest challenges. Even though it reflected a certain will to continue together, it can be considered the third defeat of Europe. The Council of Ministers, which was originally intended to be a Community body, is now an intergovernmental institution because of this Luxembourg Agreement. This was a beginning in the move towards intergovernmental solutions for Community problems and it reached its peak in the creation of the European Council, the European Political Cooperation (EPC) and the European Monetary System (EMS).

## **BRITAIN AND THE EUROPEAN COMMUNITY**

'Fog in the English Channel, continent cut off'; "we are with, but not of Europe"<sup>23</sup>; such was the mentality of the British vis-a-vis Europe.

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<sup>22</sup> Lambert, n.19, p.210.

<sup>23</sup> Ken Cosgrove, "The Odd Man Out: The United Kingdom's Semi-Detached Relationship with Community Europe", *International Relations*, (London), vol.XI (1992), p.271.

From the early times until the mid-eighteenth century, Britain was a small power at the periphery of Europe. With growing overseas activities i.e., trade and acquisition of territories and with growing commercial and industrial strengths, Britain attained the rank of a great power. Its concern with the continent was such as to prevent any sort of domination from any of the continental countries. So, for a long time Britain followed the policy of 'Balance of Power' wherein the continental states watched (or fought) each other and gave Britain a free hand overseas.<sup>24</sup>

This policy of not involving itself in continental affairs continued till the twentieth century. But then Britain was ultimately dragged into continental politics and finally into the two World Wars. The World Wars brought Britain close to the United States, a nation which was to become a principal ally of Britain for a long time to come.

When the war was over in 1945, the continental states felt the need for Europe to unite and stand together, but Britain felt no such need. This attitude was a product of certain specific reasons. Firstly, whereas for the continental countries, especially France, Italy and the three Benelux countries, the war had left behind a sense of national failure and of national inadequacy, for the British, the war left them with a sense of

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<sup>24</sup> John P. Mackintosh, "Britain in Europe: Historical Perspective and Contemporary Reality", *International Affairs* (London), vol.45 (1969), p.247.

national achievement and cohesion and an exaggerated notion of power.<sup>25</sup> So, being the only ones who were not defeated during the war, they developed a sense of pride and found it ridiculous to even consider integration with the continentals.

As far as forming a third force against the United States and the Soviet Union was concerned, Britain felt that it was considerably close to the United States to be bothered about it, besides assuming itself a close third in the power hierarchy. Similarly, on the economic side, though devastated, Britain was still relatively better-off. Her coal production was almost as large as that of all the rest of the future OEEC countries combined. Crude steel production in the United Kingdom in 1947 was 12.7 million tons, while in the continental OEEC countries it was only 17.6 million tons.<sup>26</sup> So, Britain did not feel threatened enough to rush for the European shield. At most, for the British, cooperation with Europe was desirable; integration was not. Therefore, Britain stayed out of the integrationist ventures of the six.

Over the years the British attitude changed. It became more accommodative of the Europe of Six and in fact by the early 1960s expressed its desire to join the European Community. What is important

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<sup>25</sup> Miriam Camps, *Britain and the European Community* (London, 1964), p.3.

<sup>26</sup> *Ibid*, p.3.

to note here is that this change of heart did not imply a sudden feeling of solidarity with Europe; rather it was merely out of expectations for more specific short term benefits which would accrue from membership. These short term benefits that the British hoped for were - an improvement in their economic performance, their commercial position and their position in the world diplomatic scene.

As the Community prospered, the fear that haunted Britain was that if the Community became a strong, closely knit power-complex, then inevitably the United States would look at the Community as its main partner in the free world and the United Kingdom would certainly lose its relative power. So, partly, to maintain the Atlantic partnership it became necessary for Britain to consider joining the European Community. In the early 1960s, Britain applied for membership to the EC.

If Britain had its own interests in seeking to join the EC, then France had its own interests in keeping Britain out of it. *The Economist* of 16 May 1967 summed up President de Gaulle's problem with Britain thus: "His real objection to Britain and Scandinavia is not that they are insular, but that together they are big; and he does not want the irruption of any big members into a cosy club that in its present format is just about manageable under his fading grasp but still indomitable will."<sup>27</sup>

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<sup>27</sup> Cynthia W. Frey, "Meaning Business: The British Application to Join the Common Market, November 1966 - October 1967", *Journal of Common Market Studies*, vol.6 (1967-68), p.221.

Though France always maintained that its opposition to Britain's entry into the EC was based on the conviction that Britain was not ready for the commitments expected of an EC member state because of its Commonwealth and Atlantic connections, the real reason was that France was easily assuming a role of the leader of the Six and de Gaulle had successfully engineered a Franco-German Treaty in 1963. This stability, France feared, would be considerably disturbed with Britain in the picture. Hence, first in 1963 and then again in 1967, France used its privilege to veto against Britain's Membership of the EC. It was only after President de Gaulle left the scene and a new set of leaders took over in the main countries of the EC that negotiations for Britain's membership progressed and finally Britain, along with Ireland and Denmark, joined the Community formally on 1 January 1973.

## **THE COMMUNITY SINCE ENLARGEMENT**

Till the first enlargement, the Member States preferred to use the Community for handling, if not realising, their competing national interests; but with the enlargement, the relations among the Member States became more and more acrimonious. One outstanding example, which confirms the above, was the crisis over the EC Budget and the common agricultural policy (CAP), in the late 1970s and early 1980s.

The Community of Six had what is called 'Own Resources', which included levies on imported food, all tariffs on imports of manufactured goods and one percent of the Value Added Tax of each Member State. When Britain, Denmark and Ireland acceded in 1973, it was decided that they'd pay an increasing percentage of what they would have paid had they been full participants, till 1978, and for an additional two-year period. For the Community of Six, own resources was a means to finance the CAP, as the major item of expenditure from the Budget was agriculture. The arrangement was that the net importers of food would contribute their levies to the Budget and in return they'd get little from the agricultural intervention mechanism (e.g., West Germany and Italy). Net exporters of food, on the other hand, paid little in the form of levies but got more benefits (e.g., France and Holland). When Britain joined the Community, it realised that its contribution to the budget was more and it received very little from the Community. For example, in 1980, as a percentage of Gross Domestic Product, Britain contributed 20.5% to the budget, Germany 30.1%, France 20%, Italy 11.5% and Holland 8.4%. But, in return, Britain got only a small share of the communities expenditure. In 1980, Britain received only 8.7% as compared to 20.2% for France, 23.5% for Germany, 16.8% for Italy and 10.5% for Holland.<sup>28</sup> Hence, Britain was found the

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<sup>28</sup> Paul Taylor, *The Limits of European Integration* (London, 1983), p.238.



biggest net contributor to the Community's Budget. Therefore, Britain demanded a re-adjustment of the Budgetary mechanism, which led to some of the most acrimonious scenes ever witnessed among the Member States.

In June 1981, the Commission proposed to compensate Britain by transferring a certain sum to it. This could be done through either the own resources or "via abatements of their receipts from the Community". The former meant that the Member-States would have to contribute more than 1% to the VAT, which was opposed by Britain herself; and the latter meant that France and the other beneficiaries give back some of their money they received from the Community. This was obviously unacceptable for France. Finally, it was decided to give a rebate to Britain, which the British insisted should be a permanent arrangement and was forcefully opposed by others. The impasse continued, with Britain not agreeing to higher target prices for food. It was during this time that the Falklands Crisis took place. The Community responded favourably to the crisis by imposing a trade ban on Argentina, hoping that Britain would soften its stand on the increase of farm prices. But the dispute took crisis proportion when Britain still prepared itself to veto the move and the rest responded by voting for the increase of farm prices, ignoring Britain's veto which was in direct opposition with the Luxembourg Compromise.

## **NATIONAL INTEREST VERSUS COMMUNITY INTEREST**

It is in the nature of alliances and communities of nations, for its Member States to pursue their own national interests and to preserve their national identity and cultural distinctiveness. If France successfully managed to keep its vital interest - agriculture - virtually untouched, then, it was made possible for the rest too through the Luxembourg Compromise. Britain is easily the 'odd man out' in the European Union, being the most vocal in expressing its doubts about greater unification. Britain clings on, a bit more than the rest to its national identity, cultural distinctiveness and the British way of life.

Considering the ultimate goal of political union, one would expect the members to be united, at least, when it is most needed, as in the case of a crisis situation. But, it has been found that, there is perfect agreement and cohesion among the members on peripheral issues but when the core areas are touched, which affect their national interests, there is no agreement whatsoever. The Oil Crisis of the early 1970s is a fitting illustration of this fact.

Following the Yom Kippur War, the Arab oil producing states selectively imposed an embargo on supporters of Israel. Later they quadrupled the price of oil. America went all out to support Israel and it was expected that West Europe, as America's allies, would follow the example of America, but, within Europe there was no united stand.

Numerous meetings were held by the EC member states to discuss a solution, among which the meeting of the EC Council of Ministries in May 1973 and the EC Summit Conference of December 1973 at Copenhagen are noteworthy with respect to understanding how the nation-states of the Community strive to preserve their national interests. At the Council of Ministers meeting in May 1973, the EC Commissioner incharge of Energy, Henri Simonet, sought a mandate for the talks he was to have with the Americans and with the OECD members soon. All members, except France, wanted these consultations. France objected on the grounds that such relations with third countries should be conducted by the national governments and not the Community; and because of this, the Council was unable to complete an agreed resolution laying down the Community's overall energy policy.<sup>29</sup> France's objection can be traced back to a bitter struggle against the Anglo-Saxon dominance, in the oil sector. This dominance forced Paris to protect and plan its oil sector very closely. Similarly, Britain and the Netherlands had special interests in the survival of the major oil companies as the Royal Dutch-Shell is controlled by them, and the British government had stakes in the British Petroleum.

As far as the Copenhagen EC Summit of December 1973 was concerned, the Summit itself was marked by discord and suspicion.

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<sup>29</sup> Louis Turner, "The European Community: Factors of Disintegration: Politics of the Energy Crisis, *International Affairs*, vol.50 (1974), p.406.

Germany, France and Britain wanted these talks to be informal "fire side chats", where views could be expressed and this could develop into a kind of "European Cabinet" system where discussion could be conducted in an unstructured manner.<sup>30</sup> This caused a lot of suspicion and discomfort among the smaller members who feared the revival of de Gaulle's dream of a *directoire a'trois* in an underhand way.<sup>31</sup> However, at the conference, the issue at hand was that of oil sharing, but the issue got side tracked as it got linked with the British proposed Regional Policy which the Germans had agreed to finance. As Britain did not support oil sharing and the Energy Policy proposed by Germany and others, Germany refused to finance the Regional Policy and consequently the conference ended in failure.

Since the Arab oil producing nations imposed selective embargo on supporters of Israel, the EC members took a pro-Arab stand. Only the Netherlands stood by with the United States. Consequently, the Arabs banned all exports to the Netherlands. In contrast, the British and French were declared "friendly nations". All alone, the Dutch hoped for some kind of overt help from the rest of the EC members, but all they got was disappointment.

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<sup>30</sup> *The Economist* (London), 10 November 1973.

<sup>31</sup> See page 43.

On 6 November 1973, the EC Member States passed a resolution calling for the Israelis to give up their occupied territories. The Dutch were also forced to join in passing this resolution. The pleased Arabs announced that the EC members, except the Dutch, would not suffer the next five percent cut planned for December 1973. So, the pro-Arab stand proved fruitful for other EC member states, but not for Netherlands. Further, the oil could have been allocated equally among the members but this did not happen, the excuse being the EC did not have an allocation machinery. But the OECD allocation machinery could have been used, which was not. The Dutch were thus officially deserted by its partners.<sup>32</sup>

The role of Britain and France in this entire episode, is laden with self-interest. Moved by the apprehension that they might lose their hard won friendly status with the Arabs, they spearheaded the rush to have individual dealings with them - arranging bilateral deals in which armaments and industrial products would be swapped for oil.

The Oil Crisis thus reveals how the "European Unity" worked in practice when the Member States are faced with issues of vital self-interests.

## **THE EUROPEAN POLITICAL COOPERATION**

The founding fathers established the ECSC, the EEC and the

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<sup>32</sup> Turner, n.29, p.410.

Euratom with the objective of ultimately achieving a Political Union. Now, what is Political Union? Broadly, it means the attainment of unified economic, security and foreign policies, and, to some extent cultural policy.<sup>33</sup> It implied that in order to achieve the objective of Political Union, it was imperative to fuse the foreign and defence policies of the Member States in an institutional framework and transform these institutions into truly federal organs. In the opinion of Kenneth J. Twitchett, 'the importance of an international organization is primarily a function of the significance attached to it by states in the formulation of their foreign policy'.<sup>34</sup> Moreover, as R. Rose says, 'defence and foreign affairs management are two of the defining functions of a state',<sup>35</sup> implying that defence and foreign policies are the most important components of national sovereignty without which they'd cease to exist. And, none of the Member States was ready for that. At the same time, it was realised that a common stand on international issues was very essential. So, the Member States decided it was time to 'pave the way for a United Europe capable of assuming its responsibilities in the world of tomorrow and of making a contribution commensurate with its traditions

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<sup>33</sup> Hallstein, n.2, pp.292-96.

<sup>34</sup> Kenneth J. Twitchett, "External Relations or Foreign Policy?" in Kenneth J. Twitchett, ed., *Europe and the World: The External Relations of the Common Market* (London, 1976), p.10.

<sup>35</sup> Trevor Taylor, *European Defence Cooperation* (London, 1984), p.2.

and its mission'.<sup>36</sup> Hence, despite the inherent disunity and conflict of interests, 'greater unity' was thrust upon the EC members by way of the European Political Cooperation set up at the Hague EC Summit of 1969.

The Hague Summit instructed the EC Foreign Ministers to examine how progress could be made in the field of political union. The Foreign Ministers, under the chairmanship of Walter Scheel, drew up the Luxembourg Report of 27 October 1970, which stated that 'Community cooperation in foreign policy was to be achieved through continuous collaboration among the Foreign Ministers and the foreign services of the Member States'.<sup>37</sup> The interesting fact about this Report is that it said this 'collaboration should be achieved without any special bodies being set up'. There was no commitment to agree, but simply to 'consult on all important questions of Foreign Policy' or on 'any questions of their choice' which Member States might propose.<sup>38</sup> The Copenhagen Report of 1973, mandated by the Paris Summit Conference, stated that every Member State was obliged to consult each other on all important Foreign Policy

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<sup>36</sup> "Communique of the Conference of the Heads of State and Governments of the Member States of the European Community (The Hague, 2 December 1969)", in Clausen and Bosse, ed., *European Political Cooperation* (Bonn, 1988), p.22.

<sup>37</sup> "First Report of the Foreign Ministers to the Heads of State and Government of the Member States of the European Community of 27 October, 1970 (Luxembourg Report)", *Ibid*, p.26.

<sup>38</sup> Martin Holland, *The European Community and South Africa: European Political Cooperation Under Strain*, (London, 1988), p.3.

questions before adopting their own final positions.<sup>39</sup>

In the Paris EC Summit of December 1974, the European Council was set up consisting of Heads of States and Governments and Foreign Ministers of Member States, which was to meet at least three times a year (now they meet twice a year).

In 1976 a very important Report was presented - The Tindemans Report - which called for a single decision-making centre, i.e., to do away with the distinction between the EC and EPC in ministerial fora. The Report also called for a change from voluntary cooperation to legal obligations as the basis for EPC; and that there should be a 'united front' in foreign policy, external relations and security. But, this report failed to find support with the Member States. More than a decade later, with various changes, the Single European Act (SEA) was signed, which also fell short of Tindeman's expectations for a commitment to cooperate. The London Report of 13 October 1981 tried to resolve the inadequacies inherent in the EPC and declared that the Community 'should seek increasingly to shape events and not merely react to them'.<sup>40</sup> Also, for the first time the political aspects of security was mentioned as a subject of cooperation. Hence the EPC existed as an organization where the Foreign

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<sup>39</sup> Ibid, p.4.

<sup>40</sup> "Report on European Political Cooperation issued by the Foreign Ministers of the Ten on 13 October 1981 (London Report)", n.36, p.62.



Ministers worked together 'inter-governmentally' on the basis of non-binding agreements that do not provide for formal or permanent institutions. Whereas the EEC bodies pass legally binding acts, which after their passage in law are placed beyond the unlimited control of the Member States, this is not so in the case of EPC. EPC was as some critical voices say, 'a diversion from the real economic and social problems of Europe'. They see it as an 'exclusively inter-governmental procedure, the integrational quality of which goes no further than that of the Vienna Congress or Metternich's diplomacy'.<sup>41</sup>

With the EPC existing entirely outside the competence of the treaties, with no legal framework beyond the text of the communique of the Hague Summit, with no definite institutional basis, with no secretariat, with no fixed meeting place, with objectives very vaguely expressed, with no hint of deadlines for the completion of an outline plan, EPC represented the lowest common denominator principle in European integration.<sup>42</sup>

A major landmark in the life of EPC was on 29 June 1985 when the European Council in Milan established an 'Intergovernmental Conference which was mandated to achieve concrete progress on European Union'.

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<sup>41</sup> Wolfgang Wessels, "European Political Cooperation: A New Approach to European Foreign Policy", in David Allen and others, eds., *European Political Cooperation: Towards a Foreign Policy for Western Europe* (London, 1982), pp.2-3.

<sup>42</sup> David Allen and William Wallace, "European Political Cooperation: The Historical and Contemporary Background", *Ibid*, p.21.

This resulted in the signing of the Single European Act in February 1986.

Subsequent to the ratification of SEA, EPC is enshrined in an international treaty that also cover the EC. It is 'bindingly committed to the goal of formulating and implementing a European Foreign Policy'.<sup>43</sup> Further, EPC has been strengthened in institutional terms by setting up a Secretariat which assists the President in the discharge of its functions. And, finally, it envisages cooperation in questions concerning European Security, which will in no way affect the Western European Union or the Atlantic Alliance. Hence under the SEA, EPC was to remain intergovernmental, and consequently subject to individual vetoes and actions. It was also to cover only the 'political and economic aspects of security' and by implication not the military aspects.<sup>44</sup>

### **EPC's Functioning**

The EC Summit declarations and the optimistic rhetoric of Community reports, imply a commitment to cooperate. But the 'operational objectives of national governments are not always as enlightened or as long-term' as they imply; for them, cooperation in foreign policy must be

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<sup>43</sup> "Single European Act (Luxembourg, 17 February 1986, and The Hague, 28 February 1986)", n.36, p.80.

<sup>44</sup> Trever C. Salmon, "Testing Times for European Political Cooperation: The Gulf and Yugoslavia 1990-92", *International Affairs*, vol.68 (1992), p.234.

based on the successful pursuit of their perceived national interests.<sup>45</sup> However since its conception in 1969, the degree of convergence on foreign policy issues within the EPC has depended on the nature of the issue.

### **The Falklands Crisis of 1982**

On 2 April 1982, Argentina invaded and occupied the British colony of the Falkland islands. Britain responded by despatching a combined services task force with the objective of liberating the colony, if necessary by resorting to military force. The Community's response, on the other hand, was to 'condemn the flagrant violation of International Law',<sup>46</sup> and called for the immediate application of all points of the Security Council Resolution 502.<sup>47</sup> Further, the Community adopted a series of measures which included - 1) a total ban on exports of arms and military equipment to Argentina, and, 2) prohibition of imports into the Community from Argentina. As far as military help to Britain was concerned, the other EC members were not willing to discuss it and so, Britain turned to the United

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<sup>45</sup> William Wallace, "Introduction: Cooperation and Convergence in European Foreign Policy," in Christopher Hill, ed., *National Foreign Policies and European Political Cooperation* (London, 1983), p.6.

<sup>46</sup> "Statement by the Ten on the Falklands (Brussels, 10 April 1982)", n.36, p.150.

<sup>47</sup> Security Council Resolution 502 called for the cessation of hostilities, the immediate withdrawal of all Argentine forces from the Falkland Islands, and the search for a diplomatic solution by the governments of Argentina and the United Kingdom.

States for military and logistics support.

Though the economic sanctions were imposed on Argentina, it was not a wholehearted action by Britain's EC partners. This was evident by their insistence on imposing sanctions for not more than two weeks.<sup>48</sup> And, when this initial period of sanctions came to an end, the Community's collective approach also came to an end with the Irish and the Italian governments invoking Article 224<sup>49</sup> in order to withdraw from the sanctions package.

This incident showed that national Foreign Policies would continue to be more effective than any Community policy. Because Ireland had a long tradition of hostility to British colonialism and because Italy had a large expatriate population in Argentina, they were not willing to continue their support for Britain. Consequently, the Community Policy towards the Falkland Crisis also came to an end.

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<sup>48</sup> James H. Wyllie, *The Influence of British Arms* (London, 1984), p.101.

<sup>49</sup> Article 224 reads - Member States shall consult each other with a view to taking together the steps needed to prevent the functioning of the Common Market being affected by measures which a member state may be called upon to take in the event of serious internal disturbances affecting the maintenance of law and order, in the event of war, serious international tension constituting a threat of war, or in order to carry out obligations it has accepted for the purpose of maintaining peace and international security.

## **Sanctions Against South Africa**

Since removal of apartheid was the major concern the world over, the European Community too was called to have a Community policy towards South Africa in this respect. The earliest Community policy was the Code of Conduct and this was the only Community policy till 1984. The Code was aimed against the labour practices in South Africa. According to Christopher Hill, even in 1983, the ratio of the incomes of the Whites to that of the Blacks was 11:1. The Code was targeted against those industries where such blatant discriminations existed. In accordance with the Community's lowest common denominator approach, the Code was the only policy on which consensus was feasible; and, even this consensus was not coherent and coercive as these measures were more voluntary than mandatory.<sup>50</sup>

On 25 March 1985, the Community issued its first Declaration on South Africa. It condemned the behaviour of the security forces during the events in Uitenhage and appealed for an end to apartheid. Exactly four months after this Declaration, on 25 July, the so-called unity was disrupted when France unilaterally called back its Ambassador in South Africa. In order to maintain at least diplomatic unity, at the end of July all EC ambassadors to Pretoria were recalled.

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<sup>50</sup> Holland, n.38, pp.34-35.

On 15 September 1985, at the Council of Foreign Ministers Meeting, a joint package was proposed which called for withdrawal of military attaches from member states to Pretoria and vice versa; a ban on nuclear and military cooperation and the sale of EC oil and sensitive technology; and discouraged all sporting and cultural events with South Africa. U.K. alone objected to the proposal and later agreed to it only because of the excessive pressure from the United Nations, the Commonwealth and the EC itself.

The 15 September 1985 package could have been very effective but was not because the member states took care to safeguard their interests. Firstly, coal, high-grade steel and gold ingots were excluded from the Community sanctions. Further, iron embargo was limited to just pig-iron, and not iron ore, by some members. Secondly, the implementation of the sanctions was left to the national authorities and the EC institutions had no legal competence in implementing the sanctions.

Within the EC, the members fell into two groups: the Conservatives - those who had vital interests in South Africa - Britain, France, Germany and Belgium; and, the Progressives - those who had no interests in South Africa - Denmark, The Netherlands, Ireland and Italy. The distinction between the two groups is obvious in their performance in the United Nations. Between 1973 and 1980, seventy UN resolutions on apartheid were debated, and the Community voted together only on seventeen

occasions.<sup>51</sup> In 1987, when a resolution calling for a mandatory ban on trade with South Africa was debated in the UN General Assembly, United Kingdom vetoed it in the Security Council, West Germany voted against it and France abstained.

Hence, the Community's policy towards South Africa was extremely cautious, laden with national considerations especially by Britain and West Germany, the principal trade partners of South Africa and Belgium, the leading exporter of polished diamonds for which it was wholly dependent on South African diamonds. As a result, the Community's policy did not lead to a necessarily beneficial outcome.

### **The Gulf War**

When Iraq attacked Kuwait on 2 August 1990, the EU was quick and unanimous in its reaction. The members agreed to lay an embargo on oil imports from Iraq and Kuwait, support the UN sanctions, freeze Iraqi assets and military sales, and suspend cooperation on military, scientific and technical matters. But, here ended the unanimity of agreements. Henceforth, national positions and divergent interests came to the fore.

When the Gulf crisis broke out, US President George Bush, instead of seeking help from the European members of NATO, or the EC, sought help from Mrs. Thatcher, who was more than willing to cooperate. She

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<sup>51</sup> Ibid, p.69.

viewed this as an opportunity to strengthen their 'special relationship'. Further, Mrs. Thatcher never lost an opportunity to openly criticise the EC. She called the EC response 'patchy and disappointing'<sup>52</sup> and she felt that the EC response showed how false their commitment to a common security policy was.

France was never comfortable with the thought of surrendering command to the United States and suspected Washington's real motives. On the other hand, other EC members suspected France. The official EC position on Iraq was that there would be no compromise until Iraq withdrew from Kuwait but President Mitterrand, added his own words in the General Assembly. He said, 'if Iraq withdrew its troops, and freed hostages everything is possible'. Similarly in the UN Security Council on 14 January 1991, he called for an Iraqi withdrawal and for peace talks in the Middle East, without consultation or notifying the other EC members, which was in clear violation of the Copenhagen Report of 1973. When Iraq took Europeans as hostages in Iraq and Kuwait, Claude Cheyssen, former French Foreign Minister, took an independent trip to Baghdad, and the selective release of French hostages that followed showed the French pursuit of its own interests.

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<sup>52</sup> Salmon, n.43, p.240.



Germany, on the other hand, was involved in its re-unification and in the disintegrating Eastern and Central Europe. Citing the Basic Law as an excuse, it refused troop contribution to the UN force led by the United States and refused to sell arms to Saudi Arabia claiming that it was a tension area, whereas, earlier, German firms were involved in selling chemicals to Iraq.

Spain, insisting that EC membership forced its participation, pledged contribution to the naval operation; but, when war started Spain backed off.

Others like the Dutch, Belgians, Danes, etc, were more cooperative. But, it has always been found that in a Community 'in which the dominant mood is that of assertion of national interests'<sup>53</sup> the only means for these smaller member states to counter the larger members is to agree with them.

Hence, despite all the rhetoric on a common foreign and security policy, in actual practice it is the national policies and national interests which prevail.

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<sup>53</sup> Christian Franck, "Belgium: Committed Multilateralism", in Hill, n.44, p.87.

## The Yugoslav Crisis

Even before the EC member states could recover from the Gulf War, they were faced with yet another crisis - the Yugoslav Crisis. Initially it was felt that the problem could be dealt with by applying financial and economic levers. Similarly, on 5 July 1991 the European Community declared "an embargo on armaments and military equipments applicable to the whole of Yugoslavia".<sup>54</sup> When the economic sanction was not very helpful, they offered mediation and their good offices to the warring factions. In this endeavour, they sent their Ministerial Troika to Yugoslavia and with the help of the Conference for Security and Cooperation in Europe (CSCE) they organized a mission to help stabilize a ceasefire and resolve the crisis. This was headed by Lord Carrington. The Member States stressed that use of force and any change of borders by force will not be tolerated.<sup>55</sup>

Britain wanted to pursue a cautious approach, whereas others like France, the Benelux countries, Germany and Italy wanted some sort of intervention, the Germans in particular stressed military intervention but still insisted that they couldn't send troops as their constitution did not

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<sup>54</sup> "Declaration on the Situation in Yugoslavia, 5 July 1991", *Review of International Affairs* (Belgrade), Vol.XLII (1991), p.19.

<sup>55</sup> "Declaration on Yugoslavia, The Hague, 19 September 1991", *Ibid*, p.27.

allow it.<sup>56</sup>

All of a sudden, Germany reversed its policy in favour of the recognition of the breakaway Republics - Slovenia and Croatia. Suddenly Germany was keen to do away with the results of the First and Second World Wars and to gain new spheres of interest in the Balkans. Other EC members could do nothing, but behave as they did on the eve of the Second World War. They made concessions for Germany and followed it in the name of the preservation of the Union.

On 17 December 1991, in a Declaration, the EC Member States agreed to recognise the independence of all the Yugoslav Republics, provided they fulfilled a set of conditions put forward by them. And if those conditions were met, the decision would be implemented on 15 January 1993. But after seven days, on 23 December 1991, Germany without waiting for the concurrence of other members of the Community unilaterally recognized Croatia and Slovenia. And, although these Republics did not fulfill the EC conditions, the rest of the EC members followed suit and reluctantly recognised them on 15 January 1992.

Since then the situation in Yugoslavia worsened and EC called for the UN intervention, and thus washed its hands off all responsibilities.

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<sup>56</sup> Salmon, n.43, p.251.

## EC IN A CHANGED WORLD SCENARIO

The Gulf Crisis and the Yugoslav Crisis revealed the inherent weakness of the EPC - the pursuit of national ambitions still followed by the member-states and the incapability of the EPC to unitedly deal with security problems. But the most 'disturbing' development for many EC members was the resurgence and assertiveness of a United Germany. Even before the barriers between the two Germanies fell, West Germany started to find a political voice to match its economic and military weight. Willy Brandt publicly stated: 'Nowhere is it written that the Germans have to stay stuck in a siding until the all European train has reached the station'.<sup>57</sup> Similarly, Republican President von Weizsacker went on to say 'we are neither superpowers nor pawns'.<sup>58</sup>

Chancellor Helmut Kohl proceeded with his reunification plan, in particular the 'Ten Point Programme', without any consultations with Germany's EC partners, not even France, which was supposedly Germany's 'closest friend' in the Community. Though France and Germany were close allies within the community, their relationship remained very sensitive and fragile, and neither dared say out loud what it really thought.<sup>59</sup>

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<sup>57</sup> *The Economist*, 13 January, 1990.

<sup>58</sup> Ibid.

<sup>59</sup> *The Economist*, 6 October, 1990.

Similarly, Germany busied itself in consolidating the process of change in Central Europe, especially its Eastern frontiers. Germany provided strong economic and political support to reforms in these countries. The German unification and these reforms in Central Europe revived a specific Central European identity<sup>60</sup> which was most evident in the spectacular increase in the popularity of the German language in these regions.

This had the same geopolitical and cultural features of Mitteleuropa which caused anxiety among the other EC members. Hence, the need was felt to have a stronger European Union which would keep Germany well bound. This outlook has resulted in the treaty on European Union, signed in Maastricht in 1991, which tried to force in greater cooperation in the fields of Foreign Policy, Defence Policy, Monetary Policy and Social Policy.

On the other hand, with the end of the Cold War and the disintegration of the Soviet Union, part of the *raison d'être* that propelled the establishment of the European Community was no longer there. The threat of Communism ceased to exist, the WARSAW PACT was dismantled, so, the old urgency for a strong and united Europe waned. Similarly, with the end of the Cold War, the pre-First World War syndrome of nationalistic and territorial ambitions are slowly gaining

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<sup>60</sup> Dr. Predrag Suinic, "Europe After the End of Cold War", *Review of International Affairs*, Vol.XLII (1992), pp.25-26.

importance. Nations increasingly show tendencies to jealously guard their narrow national interests. States as Federations everywhere were falling apart - be it Yugoslavia or the Soviet Union and the political will for greater unification within the European Community has seemed to be waning. National considerations are coming to the core in the decision-making process of the European Union.

Hence, the Monnet method, which had served in the past, was applied one more time and the Maastricht Treaty was produced. Maastricht Treaty depends for its content and implementation on the cooperation of the European states but differing national cultures and identities emphasises Europe's enduring divisions. So, European Union had to be forged on the foundations of Europe's post-1945 society of states, and on a new project for a future beyond the cold war. 'Never before has a conscience or a sentiment of common destiny been created on the future, on what has not yet happened'.<sup>61</sup>

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<sup>61</sup> Quoted in Jonathan Story, "Europe: From One Containment to Another" in Jonathan Story, ed., *The New Europe: Politics, Government and Economy since 1945* (Oxford, 1993), p.506.

## Chapter - III

### THE ECONOMIC DIMENSION

The Europe as envisaged in the post-war years, was to be established with the objective of creating 'a vast area with a common political economy which will form a powerful productive unit and permit a steady expansion, an increase in stability, a more rapid rise in the standard of living, and the development of harmonious relations between the member states.'<sup>1</sup> Although these objectives seem to be primarily economic, the phrase used in the Treaty of Rome, 'closer relations between the member states' hints at the political aspirations implicit in the Treaty.

In their endeavour to develop 'harmonious and closer relations' among the member states, common interests were identified, the first in the series being the coal and steel industries. Subsequently, there were agreements on a joint Atomic Energy Programme and a general consensus that in order to break the age old differences and mistrust among the nations of Western Europe, it was imperative to bring down the barriers which existed among them. Keeping in line with this approach the Treaty of Rome was signed, which sought to remove all barriers to trade among the member states.

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<sup>1</sup> The Spaak Report, in J.F. Deniau, *The Common Market* (London, 1960), p.53.

## THE TREATY PROVISIONS

The Treaty of Rome forms the constitutional basis of the European Community (EC). It lays down the objectives behind the establishment of the EC as well as what was expected from the member states. Whereas Article 2 lays down the objectives (mentioned above), Article 3 provides for the mechanisms to achieve these objectives. They are - the establishment of a Common Market and the approximation of the economic policies of the member states.

The original Treaty does not provide a definition of a Common Market; but, many have tried to define it. Bela Balassa defines the Common Market as involving the abolition of trade barriers - tariffs and quotas; and the abolition of restrictions on factor movements.<sup>2</sup> The obvious deficiency in the Rome Treaty was rectified by the Single European Act (SEA) signed in 1986. Article 8-A of the amended Treaty provides that 'the internal market shall comprise an area without internal frontiers in which the free movement of goods, persons, services and capital is ensured in accordance with the provisions of this Treaty.'<sup>3</sup>

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<sup>2</sup> Bela Balassa, *The Theory of Economic Integration* (London, 1962), p.2.

<sup>3</sup> The Single European Act, cited in Scott Davidson, "Free Movement of Goods, Workers, Services and Capital", in Juliet Lodge, ed., *The European Community and the Challenge of the Future* (London, 1989), p.111.



## **Free Movement of Goods**

Free movement of goods is ensured by the establishment of a Customs Union (Articles 9-29), the elimination of discriminatory internal taxation (Articles 15-99) and the elimination of quantitative restrictions and measures having equivalent effect (Articles 30-36).

Customs Union means that along with the suppression of discrimination in the field of commodity movement within the Union, there must be an equalisation of tariffs in trade with non-member countries.<sup>4</sup> Furthermore, free movement of goods applies not only to products originating in the member states but also to products imported from third countries on which customs duties and charges of equivalent effect have been paid on entry into one of the member states.

Article 95 of the Treaty of Rome prohibits the imposition of any direct or indirect tax on products of another member state which is in excess of that which is levied upon similar domestic products.

Similarly, the Treaty provides for the abolition of quantitative restrictions and measures having equivalent effect.

## **Free Movement of Workers**

Besides being a means to fulfill the objectives set down in Article 3, free movement of workers is an aspiration to create even closer relations

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<sup>4</sup> Balassa, n.2, p.2.

between the people of the member states.<sup>5</sup>

The Treaty provides the workers with the right to move freely throughout the member states to accept offers of employment, to reside in the state he is employed and to continue to stay in that state even after his retirement.

### **Freedom to Provide Services**

The Treaty defines services as those activities 'normally provided for remuneration' and includes activities of an industrial, commercial, professional and craftsmanlike nature. The Treaty provides for the abolition of restrictions on the freedom to provide such services.

### **Free Movement of Capital**

Article 67 of the Treaty states that the member states would progressively abolish all restrictions on the free movement of capital belonging to their residents. Discrimination based on nationality or place of residence of investors is to be progressively abolished. But, the abolition of these restrictions is required only to the extent to ensure the proper functioning of the Common Market. Hence Article 67 lacks the mandate to make it effective.

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<sup>5</sup> Davidson, n.3, p.119.

## **AGRICULTURE**

The Treaty of Rome grants a special position to agriculture in the Community. Article 38 says 'the Common Market shall extend to agriculture and trade in agricultural products'. It goes on to stipulate 'the establishment of a Common Agricultural Policy (CAP)'. The mechanisms to be used for the common policy were stockpiling, common price policy and guarantee funds.

The CAP was the earliest specific policy adopted to promote the economic integration and lead to closer integration in other areas. It was to be the locomotive of European integration.

## **EUROPEAN MONETARY UNION**

Monetary integration, notably does not find mention as one of the primary goals of the Treaty of Rome. The Treaty contains no more than affirmations of unity (Article 67), of common concern (Article 107), of coordination through consultation (Article 70 and 105) and powers of recommendation (Articles 71 and 108).

Economic and monetary policies are 'hard' domains of national sovereignty and relinquishing them was never comprehended. Moreover, in the sixties, in Raymond Barre's words, "... the considerable progress made in the establishment of the Customs Union and in the field of agriculture engendered a feeling that monetary manipulations have become

unlikely, if not impossible... A climate of false security was created, and this explains that insufficient attention was given to the coordination of economic policies and to monetary solidarity in the Community."<sup>6</sup>

But the change of events since 1967 prompted the members to consider a common approach of sorts. In this connection, the Werner Report, published in 1970, recommended the development of the European Currency Unit (ECU), a centralized European credit policy, a unified capital market policy, a common policy on government budgeting and the gradual narrowing of exchange rate fluctuations.

When President Richard M. Nixon suspended the convertibility of the US dollar into gold on 15 August, 1971, for the first time a united front was considered seriously by the Common Market countries. Consequently, a limited exchange rate mechanism, called the 'snake',<sup>7</sup> was adopted.

In 1977, Roy Jenkins, President of the European Commission established the European Monetary system (EMS) with the support of Giscard d'Estaing of France and Helmut Schmidt of Germany. The system was based on "fixed but flexible" exchange rates.

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<sup>6</sup> Bela Balassa, "Monetary Integration in the European Common Market" in Bela Balassa, ed., *European Economic Cooperation* (Oxford, 1975), p.178.

<sup>7</sup> The snake was an arrangement set up in April 1972 to reduce exchange rate fluctuations by restricting members' currencies within a narrow band of 2.25 percent within the wider band of 4.5 percent (known as the 'tunnel') allowed by the Smithsonian agreement.

The most important step with respect to Monetary Union was taken, in the second half of the 1980s, by Jacques Delors, then President of the European Commission. The Delors Plan addressed monetary integration in three stages. These were given specific timetables and a definite shape by the December 1991 Maastricht Treaty.

The first stage of EMU involved prohibition of all restrictions on capital movements; an increase in convergence in economic and monetary aspects; and freezing of the ECU basket after the ratification of the Maastricht Treaty. In the second stage, the European Monetary Institute (EMI) was to be established and there would be strict monitoring of the member states' budgetary situation. And, finally, the third stage would bring in fixed conversion rates between national currencies and with the ECU; the national currencies would be replaced with Euro, the European currency, and, the European Central Bank would have full responsibility for the single monetary policy.

### **ACTUAL PRACTICE OF MEMBER STATES**

Aimed at promoting a new outlook of mutuality and trust in Europe, transcending the traditional barriers based on nation-states, the Treaty of Rome had great expectations. It was hoped that with unification by means of consent, and through constant interaction and consultations, the wars

and internecine quarrels could be brought to an end and Europe could become an arena of peace. In this respect, since 1958, the member states have taken numerous measures to promote the Community spirit, but, at the same time, it has been found that each has employed procedures in breach of the existing treaties and agreements to protect its interests or give unfair advantage to its nationals.

Though one has to concede that Europe has come a long way since 1958 - there has been a willingness to come together and to continue to stay together, and the member states have successfully maintained peace in the region; but, behind this so-called unity, the Community is torn between the conflicting interests of its member states. Whereas the extreme nationalism of the past found expression in the constant wars and internecine quarrels, today it finds expression in a totally different manner, i.e., in protecting ones own national interests within the Community framework. "There is a marked tendency among the members to blatantly violate any Community regulation if it even slightly harmed their own narrow National Interests".<sup>8</sup>

It has been observed that in the pursuit of their national interests, conflicting interests come to a clash, and it becomes impossible to resolve the problem at the Community level. These have to be then referred to the

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<sup>8</sup> B.Vivekanandan,"Problems of the European Community", in K.B. Lall,Wolfgang Ernst, H.S. Chopra, ed., *The EEC in the Global System* (New Delhi, 1984), p.216.

European Court of Justice and the court has to impose its rulings on the parties involved and hence force a semblance of unity and concord.

## PROTECTIONISM

Article 30<sup>9</sup> of the Treaty of Rome prohibits any measure that is capable of hindering, directly or indirectly, actually or potentially, intra-community trade.<sup>10</sup> So, whereas, the treaty prohibits tariffs, quantitative restrictions and measures having equivalent effect, members protect their markets by means of non-tariff barriers and market access restrictions. Such non-tariff barriers are 'highly charged with political overtones.'<sup>11</sup> These barriers can take the form of quotas, standards, import licensing requirements or certificates of origin, conditions for entry into national markets like requirements as to composition, packaging, weight, etc.

For example, in the *Cassis de Dejon Case*, the German regulation prevented the import of a French drink called *Cassis de Dijon* into the

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<sup>9</sup> Article 30 reads: "Quantitative restrictions on imports and all measures having equivalent effect shall, without prejudice to the following provisions, be prohibited between member states.

<sup>10</sup> The Courts ruling in the *Dassonville Case*, cited in Damien Chalmers, "Free Movement of Goods Within the European Community: An Unhealthy Addiction to Scotch Whisky?" *International and Comparative Law Quarterly* (London), vol.42, (1993), p.274.

<sup>11</sup> Victoria Curzon, *The Essentials of Economic Integration* (London, 1974), p.5.

Federal Republic on the grounds that its alcohol content was too high for wine but too low for spirits. Similarly, in the *Dassonville Case*, the Belgian government put forward a requirement that import of Scotch whisky be accompanied by a certificate of origin from the U.K. In the same manner, in the Beer - and - wine Case, the British government imposed a high tax on wine in relation to beer, which made wine expensive in the domestic market.

The underlying feature in all the above mentioned cases is that the country concerned was attempting to protect its home industry. In the *Cassis de Dijon Case*, Germany wanted to prevent the free flow of the wine, especially the French wine, into the country and hence imposed a standard. In the *Dassonville Case*, on the pretext of ensuring its quality and the originality of Scotch whisky, the Belgian government was merely protecting its domestic Whisky industry; and finally, in the Beer - and - Wine Case, Britain hardly produces any wine and hence has to import from the rest of the Community. The free access to wine affected the British beer market adversely and hence the high tax on wine was imposed.

All these cases were either taken to the European Court of Justice or to the Commission. In the first case, the Court ruled that, "there is no valid reason why, provided they have been lawfully produced and marketed in one of the member states, alcoholic beverages should not be



introduced into any other member state".<sup>12</sup> In the second case, the Court stated: "All trading rules enacted by member states which are capable of hindering directly or indirectly, actually or potentially, intra-community trade are to be considered as measures having an effect equivalent to quantitative restrictions".<sup>13</sup> Similarly, in the third case the Commission claimed that the difference as to taxation between the two competing products affords indirect protection to the (mostly national) production of beer.<sup>14</sup>

Hence, in all the cases a higher authority had to impose a ruling and the parties concerned either had to acquiesce or else were forced to acquiesce.

Protectionism often takes ugly turns and threatens the very foundations of the Community as was seen in the 1980s when the Community was rocked by the 'Lamb War'.

It all started with France imposing a ban on the import of British lamb into France. In addition to this, France announced a cut back on lamb imports from Belgium, Holland, West Germany and Ireland to 70

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<sup>12</sup> Chalmers, no.10, pp.278-79.

<sup>13</sup> Ibid, p.274.

<sup>14</sup> Dr.Rolf Wagenbaur, "Elimination of Discriminatory State Taxation in Intra-Community Trade; The Contribution of the European Court of Justice" in Terrance Sandalow and Eric Stein, ed., *Courts and Free Markets: Perspectives from the United States and Europe* vol.II (Oxford, 1982), p.491.

percent of the tonnage imported in May 1980.<sup>15</sup> France went ahead with the ban inspite of the open condemnation by the other member states. This was an example of the blatant violation of the Community regulations by a member state to suit its interests. The irony is that France supports the Community upto the hilt when it promotes France's agricultural interests<sup>16</sup> but condemns the very Community when it threatens a relatively small sector, i.e., its sheep farmers.

Protectionism also occurs in the form of Public procurement and State Aids. Public procurement means 'the favoring of domestic firms in the granting of government contracts,'<sup>17</sup> or else the public sector purchases a substantial part of the goods and services. 'Studies have shown that governments, particularly of the larger member countries, often pay as much as a quarter more for a product than they would if they bought from another member country.'<sup>18</sup>

Similarly, governments also distort trade in the private sector by giving firms subsidies aimed at protecting the domestic firms from more competitive imports from other member states. For example, in 1990, the

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<sup>15</sup> Vivekanandan, n.8, p.217.

<sup>16</sup> France is the Major beneficiary of the CAP.

<sup>17</sup> Neil Vousden, *The Economics of Trade Protection* (Cambridge, 1990), p.47.

<sup>18</sup> John Pinder, "The Single Market: A Step Towards European Union" in Juliet Lodge, ed., *The European Community and the Challenge of the Future* (London, 1989), p.96.

Commission investigated the West German coal subsidies and found that according to the German 'hundred-year contract,' the power companies were committed until 1995 to buy set quantities of coal from the mining companies at prices well above market levels. The power companies would later be compensated from a fund, i.e. an 8.5 percent levy on consumers' electricity bills. The Germans have another huge subsidy for steel companies buying expensive coke.<sup>19</sup> Such aids make a complete mockery of the EC's Common Energy Policy.

### **THE 1992 PROGRAMME**

The continued existence of protective barriers indicated the unwillingness of the member states to rise above their National Interests. In order to do away with these barriers, the Treaty of Rome had to be amended by means of the Single European Act which paved the way for the 1992 programme. 1992 promised to remove many of these barriers and create a single integrated market.

So, has 1992 succeeded in its mission? Do all members prosper equally from the Community? Various studies have shown that even after 1992, protective barriers exist which is the cause of the price differences; and as long as there are differences in prices the Community will never achieve full integration.

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<sup>19</sup> *The Economist*, 10 March, 1990.

In a study, Harry Flam concluded that barriers of various sorts still exists and cited the examples of cars, pharmaceuticals and telecommunications equipment.<sup>20</sup>

In the case of cars, the market is segmented by national approval of new models, exclusive dealership and national registration. Whereas, 1992 aimed at doing away with the first two, national registration still exists which is successfully used by member states as a quantitative restriction on imports from members and third countries alike.

Pharmaceuticals forms a part of the national health policies and hence is entirely outside the Community's jurisdiction. Lastly, telecommunications equipment is supported by the discriminating purchases by the governments and telecommunications companies. The intra-Community trade is insignificant as a result of collusion between the major producers as well as threats of government action - to stay out of each others home market.

Regarding the second question, Tony Cutler, Colin Haslam, John Williams and Karel Williams's<sup>21</sup> analysis shows that with 20 percent of the Community of twelve's population, Germany account for nearly 40

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<sup>20</sup> Harry Flam, "Product Markets and 1992 : Full Integration, Large Gains?" *Journal of Economic Perspectives*, vol.6 (Fall, 1992), pp.10-14.

<sup>21</sup> Tony Cutler, Colin Haslam, John Williams, Karel Williams, *1992 - The Struggle for Europe: A Critical Evaluation of the European Community* (New York, 1989), pp.11-37.

percent of its manufacturing output. Germany plays a leading role in European trade which is one third of the Community's manufactures exports. Germany's manufacturing sector is the most export-dependent in the EC. In the intra-Community trade, every established EC manufacturing country (except Ireland) has a deficit with Germany. These deficits are nothing but a transfer of outputs to Germany at the direct expense of these other countries.

Furthermore, German manufacturers are reluctant to manufacture outside Germany or in any other country of the EC. The German strategy within the free-trade area seems to be "made in Germany and sold abroad by a wholly - owned distributor".

Hence, Tony Cutler, et.al., have called the Community under free trade a German 'co-prosperity' sphere in which prosperity is divided unequally.

## **AGRICULTURE: THE COMMON AGRICULTURAL POLICY**

The CAP was adopted to promote the economic integration of the member states but since its inception it has proved to be more disintegrative rather than integrative.

If we look at the percentage of the agricultural production of the member states in 1956, we find that Belgium-Luxembourg produced 4.9 percent, The Netherlands 6.4 percent, Germany 23 percent, Italy 26.3

percent and France 39.4 percent of the total agricultural production.<sup>22</sup> The figures reveal that France was the chief agricultural producer among the Six, accounting for nearly 40 percent of the EEC production. So, a Common Market in agricultural products meant a guaranteed preferential sales outlet for France's surpluses and the required machines and capital to exploit its underdeveloped agriculture and untapped natural reserves.<sup>23</sup>

Since the CAP proposed a unified internal EC market, preference for EC suppliers, joint financial responsibility for internal market support and the export of surpluses, it meant that mostly the industrial countries, who were net importers of agricultural products, would have to shoulder the responsibility of supporting the farm sector of the predominantly agricultural countries. In other words, Germany was the biggest contributor to the budget. But Germany agreed to this arrangement without much open opposition in return for greater progress towards the industrial Common Market. Hence, it was a convenient trade-off which promoted the vital interests of the members.

But there was deep dissatisfaction in Germany about this arrangement as almost 65 percent of the Community's budget was earmarked to support about 7.5 percent of the workforce. The problem

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<sup>22</sup> Leon N. Lindberg, *The Political Dynamics of European Economic Integration* (Stanford, 1963), p.223.

<sup>23</sup> Hans Peter Muth, *French Agriculture and the Political Integration of Western Europe* (Amsterdam, 1970), p.85.

compounded with the entry of Britain into the EC, as Britain became the biggest net contributor to the Community's budget. When Britain protested, it led to some very acrimonious scenes<sup>24</sup> and it prompted Britain to seriously consider withdrawing from the Community. Though the matter was resolved temporarily, Britain's repeated calls for a reform of the CAP was nullified by France by means of the veto power.

The issue of financing the CAP continues to remain a contentious issue. Almost 60 percent of the Community of twelve's labour force is concentrated in the Mediterranean countries of Italy, Greece, Spain and Portugal. Spain and Italy have tremendous agricultural potential, and both require huge amounts of structural adaptations to modernize their agriculture. Are the other Community members, especially France, willing to shoulder this cost?<sup>25</sup> Another tendency observed is that since the accession of Greece, Spain and Portugal to the EC, it has become obvious that France would turn from a net beneficiary of Community expenditure into a net contributor. Since then France has been willing to contemplate some changes in the CAP.<sup>26</sup>

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<sup>24</sup> See Chapter Two, p.51.

<sup>25</sup> Richard Howarth, "The Common Agricultural Policy", in Patrick Minford, ed., *The Cost of Europe* (Manchester, 1992), p.68.

<sup>26</sup> T.K. Warley, "Europe's Agricultural Policy in Transition", *International Journal* (Toronto), Vol.XLVII (1991-92), p.120.

Being a big net exporter of food, France has made much gains from the CAP since the 1960's and is still not willing to let go. This is indicative of the tendency among the member states to continue as a Community but promote its national interests, even at the cost of the Community.

## **MONETARY UNION**

The economic and monetary union, it is said, stands the best chance of enabling a breakthrough to supranationality, but, a closer look shows that it is not so simple.

The earliest joint venture among the member states of the Community - the 'Snake' - could not take off. Under this arrangement, the Deutsche Mark rose sharply due to which Denmark, France, Ireland, Italy and the UK had to leave the arrangement at various times during 1973 and 1974. As a consequence of the failure of the Snake, in March 1979, the EMS became operational. The Breman Report, which ultimately led to the EMS was Germany's Helmut Schmidt's proposal, and although France had grave economic problems similar to those of the other weaker members of the Community, France supported Germany enthusiastically.

The French enthusiasm can be attributed to its desire to share the leadership of Europe with Germany, partly from national pride and partly



from fear of German dominance if France did not keep pace with it.<sup>27</sup> Britain, on the other hand, did not favour the proposal as she felt economic and monetary problems should be dealt with together at an international level, and EMS was too narrow an approach.

Amidst the debate, the member states assembled for the Brussels Summit, on 4-5 December 1978, to adopt the EMS. This Summit was, as Mr. Callaghan later told the House of Commons, a Summit meeting where 'national considerations by all nine members prevailed over their attempt to get international agreement'.<sup>28</sup> Germany, France and the Benelux countries, which never had any serious doubts about joining the EMS, accepted the scheme but Italy and Ireland could not commit themselves. Ultimately, after obtaining sufficient concessions to offset the costs of breaking with the pound sterling, Ireland agreed to join and later Italy too joined. But Britain did not join.

Meanwhile, around the same time, i.e., in December, a meeting of the Community Agricultural Ministers took place. At this meeting, France insisted that the future of the Monetary Compensatory Amounts (MCA) within the CAP must be settled before EMS could commence. Hence France succeeded in linking two entirely different issues thus putting the

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<sup>27</sup> Jocelyn Statler, "The European Monetary System: From Conception to Birth", *International Affairs*, vol.55, no.2 (1979), p.215.

<sup>28</sup> *Ibid*, p.224.

success of EMS in jeopardy. So, apart from the usual rhetoric, when the member states have to actually surrender their sovereignty, they resort to delaying tactics or seek tactics to escape the Community obligations in order to protect their own interests.

The Delors Plan, now enshrined in the Maastricht Treaty, is by far the most successful plan to lead to a monetary union. But, Europe has witnessed many stage -by-stage plans in the past which were never implemented despite precise timetables. So, one is forced to ask why are the countries of the EC striving for a monetary union, and, is there enough political will to see EMU to the end?

For the economically backward members of the EC like Spain, Portugal, Italy and Greece, monetary union means greater financial help from the Community, and the others will agree to it as otherwise the monetary union will disintegrate sooner or later due to regional imbalances.<sup>29</sup> France believes that a common currency will tie Germany closer to Western Europe and also diminish German economic hegemony in the region.<sup>30</sup> Further, France has always wanted to control German Monetary Policy. Unable to do so through political processes, France sees

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<sup>29</sup> Norbert Berthold, "Europe After Maastricht - Have the Monetary Questions Been Settled?" *Intereconomics* (Hamburg), vol.27 (1992), p.54.

<sup>30</sup> Scott Sullivan, "The Money Trail", *Newsweek* (New York) vol.CXXIX,no.5 (3 February, 1997), pp.19-20.

its main hope in creating and controlling a Central Bank of Europe (CBE).<sup>31</sup>

Britain is one member state who would prefer not to see the single Euro currency at all and is most vocal about its reservations about the monetary union. Money has always been the object of assertions of power and the pound sterling had asserted its powers for years in the past. Even though the pound no longer enjoys the same kind of power, for the British it is a symbol of their glorious past and hence are not willing to relinquish sovereignty. Consequently, Britain has resorted to delaying tactics by finding objections in inconsequential matters like the name of the currency or demanding to have the Queens head on the currency notes, etc.

On the other hand, for Germany monetary union means imposing the German style macro-economic discipline on its neighbours; which magnifies the doubts in the minds of other member states that Germany wishes to elevate itself into the sovereign ruler over the other nation states. Already the Maastricht requirement of binding closely to the central target exchange rate has resulted in the fear of a major turmoil in the European financial markets due to chronic over valuation of weak currencies, like the lira, against the Deutsche Mark. The established currencies like the Pound and Franc also face the threat of being driven

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<sup>31</sup> Alan Walters, "Britain and the Exchange Rate Mechanism" in Patrick Minford, ed., *The Cost of Europe* (Manchester, 1992), p.124.

out of the ERM or being devalued.

Furthermore, the Central Bank of Europe is modelled after the Bundesbank, but will the Bundesbank concede its awesome powers to any untried CBE? Similarly, as Holger Schmeiding, a senior strategist for Merrill Lynch, says 'the Euro would be nothing but a renamed Deutsche Mark'. Moreover, the German insistence on adherence to the Maastricht criteria for membership calls for a reduction of budget deficits to three percent or less of GDP, which means the generous welfare benefits enjoyed in most of the other member states comes under attack. An attempt to reform the French welfare programmes in 1995 saw a series of strikes in almost all sectors in France which was indicative of an underlying anti-German backlash.<sup>32</sup> The mood of the French is expressed in the runaway non-fiction bestseller in France called the "The Economic Horror" by novelist Viviane Forrester, who has no background in economics, is nothing but an attack on Europe.<sup>33</sup>

As far as the political will of the member states to see EMU to its end is concerned, a look at the Maastricht Treaty reveals that the Treaty provides for the domestic policy, i.e., price stability, to be the responsibility of the CBE but the international monetary policy i.e. exchange rate management still rests with the political authorities of the respective

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<sup>32</sup> *The Times of India* (Delhi), 21 December, 1995.

<sup>33</sup> *Newsweek*, 3 February, 1997.

member states. As it is well known that if one controls the exchange rate then monetary policy follows as a residual, so, the member states have seen to it that they do not lose control over their sovereign right. President Mitterrand of France has rightly described in a television address the actual situation, in 1992, when he said that the CBE would be unable to decide anything at all. It would not take economic decisions. The European Council, the Heads of Government would have the final say.<sup>34</sup>

## CONCLUSION

Since the Community has its own benefits, the general consensus among the member states is that they cannot do without the Community but, at the same time, they are not ready to give up the nation-state as well. So, the practice among members has been to further their own interests even if it is to the detriment of the other members and to the Community itself.

Way back in 1968, the member states claim to have established a Common Market and a Customs Union; but, the Community functioned as twelve different markets instead of a Single Market. Barriers to free movement of goods, services and people continued on one pretext or the other. This drawback was sought to be corrected via the Single European

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<sup>34</sup> Hans Arnold, "Maastricht - The Beginning or End of a Development?" *Aussen Politik* (Hamburg), vol.44 (1993), p.275.

Act which initiated the 1992 programme. Even after 1992, market regulations, product and price differentials continues to exist which indicates the obvious distinction in the member state of 'our nation' and 'others'. The CAP needs immediate reform. Since almost 65 percent of the Community's Budget is allocated to the CAP, the other policies of the Community, like the regional development policy, the Community Aids Policy etc., suffer. But, due to the political clout of a single beneficiary nation, all attempts of reforms is brought to naught.

Similarly, there are tall talks of achieving a Monetary Union by 1999. Deliberations still continue on this front and it remains to be seen if the monetary union will be completed, and even if it is then in what form it will be established.

## Chapter - IV

### CONCLUSION

The great transformation in European politics in the post-World War years brought to an end the structure which had been based on mutual rivalry, suspicion and hatred, which had almost always led to internecine quarrels and wars inside Europe as well as outside Europe. For centuries Europe had been the home of nations which has been Great Powers at one point of time or the other. As the nations grew in strength, each developed a sense of pride in its glorious past and consequently started to attach great importance to everything that was national - be it tradition, custom, folklore, religion or lifestyle. Along with the sense of pride in their nation, there existed a desire for supremacy, and, ones quest for supremacy became the others need to bring it down. So war became a force to compel the adversary to do ones will and make him incapable of any further resistance. Virtually, every ruler in Europe was driven by this force and war became the supreme activity which redounded to a Prince's/State's glory.

The pretext to war could range from anything like legalistic concern with inheritances, religious solidarity, dynastic interest, prestige, ideology, economic competition and nationalism. Moreover, the war itself could last for years, as in the case of the Hundred Years War or the Thirty Years

War. The psyche of the people was so moulded that they glorified their national identities and ambitions and jealously guarded their national interests. Over the centuries, this became so deep set that the mutual suspicions and hatred became hard to be erased.

The Community approach was an attempt to do away with this kind of suspicion and hatred and bring the warring nations of Europe together to pool their resources and work for peace. The functionalist approach was adopted in this endeavour, whereby the European Coal and Steel Community, the European Economic Community and the European Atomic Energy Community were established in the 1950s; the ultimate objective being to achieve a United States of Europe.

Apart from getting the warring nations of Europe to work together, it was absolutely essential that Western Europe stayed together as a solid bloc to counter the might of the Soviet Union and the Communist bloc in the East. Moreover, tying down Germany in an institutional set-up was also important.

But, the ambitions to move towards unity were constantly undermined by internal differences between the governments and peoples, which was a legacy of the past. Also, unity was always attempted to be imposed from above. All the treaties stand accused of confirming a union of governments and bureaucracies, rather than of peoples.



Though the extreme and aggressive nationalism of the past was no longer visible in Europe in the post-war years, a new type of aggressiveness became noticeable. The loyalties of Europeans remained primarily national. The Treaty of Rome, for instance, called for the establishment of a Common Market, but the Common Market functioned essentially as twelve individual markets. Whereas the treaty called for opening of markets via abolitions of tariffs and quantitative restrictions, new methods were adopted by members to protect their markets. The protectionism practiced by the member states necessitated the launching of the ECs internal market programme in 1992. But 1992 was designed, in part, to meet the widespread concern about unemployment, as the EC has not created any new jobs between 1973 and 1992. As world markets expanded and new entrants joined the competition, Europe's unemployment was seen as partly due to impediments to factor movements embedded in the national legislations of the Member States. Hence, it was to these that the EC's internal market programme was addressed.

About the Common Agricultural Policy (CAP), one of the earliest Community policies, it is said: 'take forty-four billion dollars from the Community's tax-payers. Add fifty-four billion dollars in extra payments by its customers. Devote this levy, equivalent to two percent of the ECs Gross Domestic Product, to improving the lot of only seven and a half percent of its workforce. Do it in a way that most helps the farmers who

least need helping. That's CAP<sup>1</sup>. Whenever there has been a move to reform the CAP, the member states, which benefit most from the CAP, have opposed it vehemently, so much so that in 1965 when there was a move to reform the financing of CAP, one member state, France, refused to accept the proposals and in fact boycotted the Community completely. This incident led to the Luxembourg Compromise which started a veto culture which caused literally hundreds of Commission proposals to be still born.<sup>2</sup>

Since defence and foreign policy management are the defining functions of a state, these were never enshrined in a treaty at the Community level. These were merely left open for cooperation. It has been observed that among the member states, there is perfect unity and coordination on foreign policy issues when they are peripheral issues, but whenever any core interest of any member state was affected, then there was no unity whatsoever. Though between 1950 and 1990, there were seventy-nine civil wars and twenty-seven international wars, none of them occurred inside Europe.<sup>3</sup> In that respect the Community approach did achieve its objective of maintaining peace in the region. But where vital

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<sup>1</sup> *The Economist*, 14 July 1990.

<sup>2</sup> Anthony L. Teasdale, "The Life and Death of the Luxembourg Compromise", *Journal of Common Market Studies*, vol.31 (1993), p.570.

<sup>3</sup> Jonathan Story, "Europe" From One Containment to Another" in Jonathan Story, ed., *The New Europe: Politics, Government and Economy since 1945* (Oxford, 1993), p.497.

interests are touched, for example, when Iraq invaded Kuwait in August 1990, the individual security interest of each sovereign European state became manifest. No two of the twelve EC member states adopted identical positions over the duration of the crisis in the Gulf;<sup>4</sup> or, in the case of the disintegration of the multi-ethnic state of Yugoslavia, Bonn's unilateral decision in December 1991 to push the EC into hasty recognition of Slovenia and Croatia, against the preference of Washington, London, Paris and Madrid, showed the high handedness and complete disconcert towards the Community on the part of a member state.

Then, since the late 1980s, the world saw numerous changes like self-determination in Germany and the transition out of the Communist system in the central-eastern and south-eastern Europe and the former Soviet Union. This changed the entire set-up against which the Community framework had taken shape. As the external threat vanished, within the Community the very fabric of interdependence was threatened as conflicts of interests arose. A new hierarchy of states took shape, where rank was measured in terms of economic performance. In this respect, United Germany, which was also an economic giant independent of the Community, is perceived to be a potential threat for the rest of the Community.

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<sup>4</sup> Trevor C. Salmon, "Testing Rimes for European Political Cooperation" The Gulf and Yugoslavia, 1990-92", *International Affairs*, Vol.68 (1992), p.242.

Europe reacted to all these changes with the Maastricht Treaty which rested on the pillars of an internal market, a common currency and common foreign and security policy as elements of neo-functional strategy, designed to widen EC competences and to bind Germany into a westward oriented European alliance.

But, in the field of a common foreign and security policy, cooperation is still the operative word. Also, while the common foreign policy includes all matters relating to European Security, with the view that in the longer term a common defense policy would be achieved, the Treaty does not stand in the way of cooperation between two or more member states either bilaterally or in the West European Union (WEU) and in the Atlantic Alliance. This leaves the inner core of states, led by France and Germany, free to continue to set the agenda for the Union's future developments.

Same is the case with the Monetary Union. The convergence criteria for price and exchange rate stability requires the pre-condition that states take the irreversible move to a single currency under the European System of Central Banks (ESCB). Here too, an inner core of member states can make the first move, and the others join later.

Consequently, one finds a fall in the popular support for Europe. Though Portugal, Spain, Ireland and Greece are very satisfied with their respective EC memberships as they are the major recipients of structural funds, others show a downfall in optimism. Whereas 61 percent of the

German population supported EU in 1991, it fell to 48 percent in 1992; in France 48 percent of the population expressed indifference or relief if the EU were scrapped; and, in any case, Belgium, Britain and Denmark were the least supportive of the EU.

Hence, today, one finds a curious hybrid in Europe with the inheritances of pre-and post-1945 Europe. From pre-1945 Europe, comes the tendency of competition between states and from post-1945, Europe has inherited the political and market interdependencies within Western Europe. The end of the cold war has brought about a struggle between the two. And, the Union is not strong enough to counter this contradiction. Ultimately, the implementation of the Treaties, Resolutions and Declarations, rests on the drive and support of the member states, which is very firmly anchored in their own national identities. They have their own particular external attachments and domestic alignments and interests. Moreover, there is no final agreement about the destination of United Europe. So, now, one finds the Union more concerned with the extension of Europe's periphery eastwards and the lengthening list of candidates who wish to join. Such an extension would mean a shift in the balance of Europe towards its geographic centre in Germany, away from the EC's own inner-periphery of the British Isles or Southern Europe. It may also lead to Germany driving up its price for cooperation. This not only challenges, but fosters national identities.

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