

History of European Integration

Lecture 6. The period of Eurosclerosis: stagnation of European integration or its strengthening and preparation for a new stage?

- The module is realized in the frame of the project "Enhanced Skills and COmpetences in European Studies for Landscape ARchitects, environmental specialists and managers" (project number: 611545-EPP-1-2019-1-RU-EPPJMO-MODULE), Erasmus+ Jean Monnet Actions.



1969 - The Hague Conference

- Relaunch of the integration process
- **Completion** (implementation of the CAP)
- **Deepening** (future development of the EEC)
- **Widening** (acceptance of the application for membership of Great Britain, Ireland and Denmark)
- Creation of an Economic and Monetary Union
- Collaboration in the field of industrial research and development
- Foreign ministers were instructed to study the best way to make progress in political union (direct election mechanism)

The enlargement

- Two types of negotiations:
 - Between member countries (especially regarding the future: budget and other issues)
 - Between member countries and candidate countries (special UK)
→ main: between Paris and London
- Candidates:
 - UK
 - Norway - September 1972 referendum 53.5% against (agricultural, fishing, energy, sovereignty)
 - Denmark is a positive referendum result, despite Euroscepticism (63%) →
 - Ireland - supported (optimism, Great Britain, but neutrality)
 - First enlargement- January 1, 1973

Formulation of the principles of enlargement policy

- The Birkelbach Resolution (1962) – political conditions for accession to the European Community
- Accession negotiations focus mainly on the practical details of adoption *acquis communautaire*
- The problem of increasing diversity is being addressed by creating new tools to complement existing ones, especially regional alignment policies
- New members integrate into the existing institutional structure based on small changes, with the promise of a more fundamental review after expansion
- The community prefers negotiations with a group of countries

Political cooperation

- **The Davignon proposals (1970)**
 - provided for consultation among the Six on foreign policy matters and the implementation of joint decisions but made no reference to consultation on matters of external security and defence
- **The Copenhagen Report (1973)**
 - the principle of consultations between Foreign Ministers should be strengthened and that a group of diplomatic correspondents should be created within the embassies and chancelleries to facilitate the flow of information.
- **The Tindemans Report (1974)**
 - the term 'European Union' might be interpreted

Economic and Monetary cooperation

Monetary cooperation

- The Werner Plan (supranational aspects)

stage-by-stage procedure

free movement of capital and limit to fluctuations in exchange rates between European currencies by making use of a reserve fund

France refused to approve the Plan

- The EMCF

On 3 April 1973, the Council of Ministers approved the establishment of the European Monetary Cooperation Fund (EMCF) in order to keep exchange rates under the control of the Council.

Economic and Monetary cooperation

The European currency snake

- The German Minister for Finance and Economic Affairs, Karl Schiller
- In December 1971, the French President, Georges Pompidou, and the German Chancellor, Willy Brandt, found a monetary compromise that was readily approved by the US President, Richard Nixon, and the Member States of the European Economic Community (EEC)

❖ Europe was seriously weakened by the currency turmoil in the late 1960s and early 1970s. The combined effect of the devaluation of the French franc, the upward revaluation of the German mark and the collapse of the Bretton Woods International Monetary System destabilized European markets. Furthermore, exchange rates between the currencies of the Member States had to be fixed before a common market could be created

The snake

- The Basle Agreement (10 April 1972). The governors of the central banks reduced the margin within which the exchange rates of EEC currencies could fluctuate
- The Bretton Woods System was laid to rest in February 1973
- The nine Member States of the EEC then decided to let all their currencies float in relation to the dollar
- France left on 19 January 1974 and rejoined on 10 July 1975. On 15 March 1976, France once again left the system
- The initiative for a new European Monetary System (EMS) was now in the hands of France and Germany



Eurosclerosis: the period between 1966 and the early 1980s

- The essence of the process: the lack of obvious shifts in the integration process
- Over-regulation and institutional rigidity of the European economy and labour market
- Can the period of Eurosclerosis be considered a slowdown in the integration process?
- These developments during the so-called eurosclerosis years laid the foundations for future, 'high' politics events in the European Community (EC)-European Union (EU), such as the Single European Act and Economic and Monetary Union



The era of Euro sclerosis

- Paris - December 1974: Establishment of a Regional Development Fund (ECU 1.3 billion for three years) → beginning of regional policy
- The fund was targeted at the most disadvantaged Member States and the resources divided accordingly: Belgium, 1.5 %; Denmark, 1.3 %; France, 15 %; Ireland, 6 %; Italy, 40 %; Luxembourg, 0.1 %; the Netherlands, 1.7 %; Germany, 6.4 %; the United Kingdom 28 %
- Regional policy, according to the 1974 Summit communiqué, is meant to correct imbalances “resulting notably from agricultural predominance, industrial change and structural underemployment

The era of Eurosclerosis

Institutional Change - Paris 1974

- Regular political leadership
- European Council
- Balance between interstate and communitarian approach
- Decision on direct elections in the EP



The era of Eurosclerosis

- The application of Greece after the fall of the dictatorial regime
- Redefining links with EFTA
- Relations with the ACP States
- Relations with the Middle East

The role of the European Court of Justice (ECJ)

Binsbergen ruling (December 3, 1974)

- The European Court of Justice rules that the freedom to provide services under Community law may be directly invoked before national courts where the object of the provision is to abolish all discrimination against the service provider on the basis of his/her nationality or his/her residence in a Member State other than the one where the services are provided

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