For Georges Pompidou, who won the election of 15 June 1969 to the French presidency by a large majority, the entry of Great Britain into the European Communities was a strategic necessity. Having served as prime minister (from 1962 to 1968) and worked as a banker, he was more keenly aware than his mentor Charles de Gaulle that France needed the EEC for its economic modernization and that the Communities needed to be developed further. The harmonization of tax and currency policy, technological cooperation, the development of a common industrial policy, and, lastly, the completion of the common industrial market—all this was necessary in his view if France were once again to compete successfully with dynamic industrial nations. After the European partners had rejected all initiatives to develop the Community as long as the accession of Great Britain and the other three applicants had not been approved and after definitive financing of the Common Agricultural Market had become uncertain with the expiration of the temporary settlement of 31 December 1969, Pompidou saw it as necessary to concede on the issue of entry. That the prospect of a French leadership role threatened to vanish with British entry concerned him less than it had his predecessor. At the same time, Pompidou—an advocate of the free market—at base welcomed the prospect of expanding the Common Market.1

Along with strategic considerations, there were tactical necessities. In order to ensure that he would not lose the presidential election to the pro-European candidate of the bourgeois middle, Senate President Alain Poher, Pompidou allied himself with independent republicans around Valéry Giscard d’Estaing and a faction of the center around Jacques Duhamel. These forces made their support conditional on a course change on the issue of entry, and so as early as the campaign itself, Pompidou characterized Britain’s speedy accession as highly “desirable.” Giscard d’Estaing—who had shortly before joined Monnet’s Action Committee—was able to secure the Finance Ministry once again in the government of Prime Minister Jacques Chaban-Delmas. The new foreign minister was Maurice Schumann, a representative of the Christian Democrats who had quit Pompidou’s government in May of 1962 in protest over de Gaulle’s attack on the “integrated Volapük” of unpatriotic EEC Europeans.

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In Pompidou’s first meeting with Willy Brandt, who had made efforts to enter into contact with him as soon as possible, the new president let it be known that he was serious about fulfilling his campaign promises. During Brandt’s visit on 4 July 1969, Pompidou explained that de Gaulle’s offer to the British government had been misunderstood and also assured his guest that France did not have a “fundamentally hostile view” of the entry issue. He wanted only “that the Community reach its definitive stage” and that the Six come to agreement as to “how affairs should be handled.” As the forum for such an understanding, he proposed a new summit of the heads of state of and of government.3

However, Pompidou was also plagued by worries that Britain could destroy the Community from within. With an eye to Gaullist traditionalists, he also had to avoid giving the impression that he was making an abrupt volte-face on Europe policy. No one could guarantee that de Gaulle would continue the self-imposed silence he had maintained since his resignation. Hence Pompidou’s proposal for a summit—whose results were by no means assured in advance—and hence too his insistence on a clear sequence of items for negotiation: First, agreement on the completion of the Common Market and especially the definitive financing of the Common Agricultural Policy, then agreement on further integration measures that were in his view urgent. Only thereafter could accord be reached on a concept and roadmap for entry negotiations. When Maurice Schumann officially presented the summit proposal to the Council of Ministers in Brussels on 22 July, he summed it up in the three steps of “deepening” and “widening” and “completion.”4

The governments of the Netherlands and Italy insisted on binding commitments regarding expansion before they would consent to the definitive financing of the Agricultural Market and further agreements regarding integration and cooperation. In early June, Joseph Luns proposed that a declaration of intent be made by the Six on the issue of expansion; after failing to gain approval for this, he wanted at least a concrete date for the beginning of entry negotiations. His Italian colleague Aldo Moro joined him in this call and also reminded his counterparts that the transition to revenue under Community control was not to be

3 Discussion of 4 July 1969, AN 5AG2, 1010; AAPD 1969, Doc. 221, pp. 774–480.
had without increasing the responsibilities of the European Parliament. Belgian Foreign Minister Pierre Harmel urged everyone to remember that the summit must not weaken the existing institutions of the Community and therefore, in contrast to the way Pompidou had made it sound, such gatherings should not become a permanent establishment.

Willy Brandt once again sought to play the intermediary but during a meeting of the EEC Council of Ministers on 15 September could achieve nothing more than a resolution that a summit should take place, that it should be in The Hague in mid-November, and that it should focus on deepening, widening, and completion. It was explicitly stated that this summit was not to constitute a precedent for further meetings and that the president of the Commission should be invited, although only for the second day of negotiations. Exactly what was to be decided at The Hague regarding expansion was left open, however; it also remained highly doubtful as to whether it would be possible to reach agreement on a definitive settlement for the Agricultural Market by the end of the year. The West German government sought to contain overproduction, which had grown costly, while the Italian government once again insisted on a fundamental course correction to eliminate the structural disadvantages of a country that exported wine and fruit but was also highly dependent on grain imports.

First of all, the attitude of the Commission was helpful in this situation. Having been asked by the Council of Ministers to update the position it had taken on the applications in September of 1967, the Commission presented a report on 1 October 1969 strongly recommending the opening of negotiations on entry but also more clearly than before noting the economic and monetary difficulties that would be associated with any expansion. Consequently, it called for agreement among the Six on a precise mandate for negotiations. Beyond this, the applicant countries should not only wholly accept the level of integration that had already been achieved but also declare themselves in agreement with the principle of strengthening the Community. Jean Rey personally explained these fundamentals to the Council of Ministers once again on 17 October. This went a long way toward alleviating Pompidou's worries about a weakening of the Community, and it also strengthened his position on the development of a common negotiating position.

At the same time, Pompidou understood that his declaration of intent regarding expansion ought not to remain completely non-binding if he wanted to avoid calling into question the completion of the Common Market. As he explained to his staff on 21 October: “If we persist in our systematic rejection, it would amount

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to a kind of death for the Common Market." He thus set aside his call for deepening the Community as a prerequisite for the opening of entry negotiations and sought to make his partners understand that the rejection of a date for the beginning of talks was only meant to ensure that there would actually be a common negotiating position. "We are condemned to success," as he said to the newly named coordinator for Franco-German relations, Carlo Schmid, when the official was making his initial visit on 9 November. "The German government urgently desires that the possibility emerge for the beginning of negotiations with Great Britain. First of all, let me say that we won't put any roadblocks in the way. If we get what we want, we won't cause any new difficulties. You can tell the chancellor: 'We'll be open and cooperative, but we want the completion of the Common Market and the financial settlement.'"

The person to whom this assurance was directed was first of all Willy Brandt, who had been elected chancellor of the social-liberal coalition on 21 October and who was now making the success of the summit in The Hague his chief concern. With the establishment of the office of a Parliamentary State Secretary for European Affairs and the appointment of the European federalist Katharina Focke to the office, he signaled that he would be playing a more active role in European politics in the future. Very soon after the decision for the formation of the Brandt-Scheel cabinet, Pompidou sent word that he was interested in a direct private exchange regarding the preparations for the summit. Two days after this initiative to Brandt, Maurice Schumann confirmed French assurances on expansion during a conversation with his new West German colleague Walter Scheel. Moreover, he announced that France would be prepared to cut back on agricultural overproduction.

Pompidou's concessions and assurances led to the emergence of a mutual understanding at the next preparatory meeting of the foreign ministers (on 10 November) that the completion of the Common Market should be decided at the summit. Changes would be possible during accession talks, but only if all members were in accord. Brandt and Scheel strengthened this tentative decision by committing their government to accepting mere declarations of intent on expansion and agricultural reform in return for agreement on definitive agricul-

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6 AN 5AG2, 52.
7 AN 5AG2, 104.
tural financing. Moro, who had originally wanted the decision on agricultural financing to be reached only after the conclusion of accession talks, had great difficulties gaining acceptance from the Italian government for this reversal of order and had to request that the summit be postponed until 1 and 2 December. By the original date for the meeting (17 and 18 November), the Italian government had been brought into alignment with the West German position.\textsuperscript{11}

In order to be very sure that unity on that position would be reached at the summit, Brandt had the member governments informed of Bonn’s negotiation position by diplomatic means. He spoke once again with Luns on 25 November, and two days later, he wrote a first private letter to Pompidou, in which he pointed out the urgency of agreement on the beginning of entry talks and the necessity of reforming agricultural policy. He also signaled that his government was prepared to accept the establishment of a European Reserve Fund that was to protect the Common Market from destabilization due to currency turbulence; here, Brandt was taking up a proposal from Jean Monnet.\textsuperscript{12} A clear listing of what Bonn thought essential, along with an additional concession on the issue of deepening the Community, was intended to help elicit from Pompidou the most concrete commitments possible on the issues of expansion and agricultural reform.

Altogether, Brandt had thus answered the request for confidence that was embedded in Pompidou’s initiatives and had also forced the resulting negotiating position on the smaller partners because it promised the only escape from the continuing crisis of the Community. At the beginning of talks in The Hague—after Pompidou had touched on the issue of expansion only in very general terms and with pointed reluctance—Brandt increased the pressure on his French partner: He called attention to the fact that the Bundestag would not ratify the system of agricultural financing unless assurances regarding expansion and agricultural reform were fulfilled. Moreover, he openly addressed the unease over the increasing economic strength of the Federal Republic, which actually caused Pompidou himself much less concern than it did many of his compatriots; Brandt suggested that this issue constituted an additional argument for expansion.\textsuperscript{13} That sufficed to elicit from Pompidou a commitment to having talks on expansion begin “over the course of the next year,” which he announced at a dinner on the first day

of the conference. Given the need to take the views of traditional Gaullists into account, this was not to be made public, however. So, on the beginning of the second day of negotiations, the partners contented themselves with a statement from Brandt that they gave credence to Pompidou’s declaration on the desirability of entry negotiations and to his notion of the time necessary for their preparation. The Dutch prime minister, as host of the meeting, was given authority to state in a closing declaration that all governments were of the opinion that preparations for entry negotiations could be completed “during the first half of 1970”; Schumann confirmed this once again on behalf of the French government.

Brandt thereby became the actual father of the summit’s success. In light of the now-binding assurance from Pompidou, the partners agreed that the transition to definitive financing of the Common Agricultural Policy could be completed on 1 January 1970, and as part of this, that the financial contributions of member states be incrementally replaced by revenue under the Community’s own control, as the Commission had proposed. In regard to the expansion process, Pompidou likewise obtained satisfaction: In the closing communiqué, it was stipulated that the candidates had to accept the Community’s entire *acquis communautaire* and that negotiations would proceed on the basis of a position previously agreed upon by the Six. It would be possible to make adjustments to the agricultural regulations in the course of entry negotiations but only with the concurrence of all member governments and in such a way that the fundamentals of the regulations were not distorted.14

After this breakthrough on the issue of expansion, it was possible to begin moving on numerous deepening projects as well, ones that had previously been blocked by the smaller partners in the face of France’s veto. Especially notable was that the heads of state and of government drafted a resolution to develop “during the year 1970 an incremental plan for the establishment of an economic and currency union.” This was to include a “review” of Brandt’s proposal for a European Reserve Fund; the West German foreign minister was also able to include in the communiqué a call for “the development of cooperation in currency issues that [should] be based on the harmonization of economic policy.” Further declarations of intent covered the development of Community programs to foster industrial research and development, the revival of the Euratom research program, a reform of the Social Fund “within the framework of a far-reaching coordination of social policy,” and the creation of a “European university.” The West German desire for agricultural reform was essentially taken into account, if only with the general call for the Council “to continue its efforts toward better mastery of the

market by means of an agricultural production policy that permits a containment of the budgetary burden.”

Conversely, little was achieved on the goal of a Political Union. During his last months as chancellor, Kurt Georg Kiesinger had intended to make use of the perceptible flexibility of the new French president in order to achieve progress in this area. For Pompidou, however, the development of common foreign and security policy was not a short-term goal at all—firstly, because he was convinced that economic stabilization and development of the Community took precedence and, secondly, because he saw with complete realism that the smaller partners would be the most difficult to win over for the Political Union. Therefore, Brandt’s requisite appeal to work toward the creation of a Europe that would play an autonomous role in international politics led merely to a vague assignment for the foreign ministers to examine by the end of July 1970 “how, from the perspective of expansion, progress in the area of political unity could best be achieved.”

The summit in The Hague also brought little progress in regard to strengthening European institutions, as the Commission was especially urging. The Five did win the concession from Pompidou that with the transition to revenue under Community control, “the budgetary authority of the European Parliament was to be strengthened” as well. It remained unclear however what exactly that meant; and not a single word of the communiqué was devoted to the idea of simultaneously strengthening the position of the Commission. The issue of transitioning to direct election of the European Parliament was likewise deferred. The concluding communiqué was also silent on correcting the practice—in accordance with the Luxembourg “compromise”—of seeking consensus in the Council of Ministers for cases in which the EEC Treaty had provided for majority voting. Disappointment was evident among the various spokesmen of the European movement, who in the immediate run-up to the summit had once again sought a strong mobilization of public opinion.

Yet, it was generally acknowledged that the heads of state and of government had succeeded at The Hague in helping the European project achieve a new dynamic. The mutual blockade in questions of expansion and deepening had

been overcome, and the way was now clear for an expeditious pursuit of both. It was clear to all that there would be collisions among the divergent interests that remained and that there would be tough struggles over them. In the final instance, however, doubts as to the partners’ desire for full implementation of the Treaties of Rome and for further pursuit of the European project had vanished. A “spirit of The Hague” was palpable at the ministers meeting held in connection with the summit—a new willingness to take the partners’ wishes seriously and to work constructively together.¹⁸ Not least of all, the mutual experience of not having been deceived served to provide the foundation for a trusting relationship between Brandt and Pompidou, which—although it admittedly remained far from a personal friendship—could be used to lead the Community in shaping the new breakthrough.

The Completion of the Common Market

It did prove difficult however to implement the decisions made at The Hague regarding the completion of the Common Market. On the one hand, the financial interests of France and the Netherlands in maintaining the existing agricultural subsidies and the interests of the Federal Republic and Italy on the other in reducing the resulting burdens were too different to allow quick unanimity on the modalities of the transition to financing the entire agricultural policy from revenue under Community control. Also, French concessions were too vague on increasing the rights of the European Parliament, an issue that was linked to the revenue transition; still more vague were the concessions regarding reform of agricultural policy. As a precaution, the heads of state and of government therefore made the decision on the fringes of the summit to “stop” the clocks on 31 December once again if no unity had been achieved on the details of agricultural financing. The stipulations of the treaty regarding completion of the Common Market would at least become valid thereafter.

In fact, however, the foreign, finance, and agricultural ministers of the Six succeeded in gaining a fundamental agreement on the financing of common agricultural policy within the specified timeframe; it had required marathon negotiations beginning on 15 December and, after a break from the 16th to the 19th, ending in the early morning hours of 22 December. This agreement envisioned that for the year 1970, agricultural expenses would once again be financed from contributions from member states as before, though with a slightly altered apportionment. From 1971

¹⁸ That was the impression of the German delegation at the Council meeting of 5 to 7 Feb. 1970, quoted in Hiepel, “In Search,” p. 80.
onward, levies on agricultural imports whose prices lay below Community price levels would flow to the Community budget; from 1971 to 1974, tariff income from the borders of the Community would do so incrementally as well. Whatever financing that would be needed above those levels during this “interim phase” would continue to come from member state contributions. In 1975, such contributions would be eliminated completely. Given that in the medium term it was to be expected that revenue from levies and tariffs would sink (due to sought-after reliance on domestic supply and further tariff reductions under the auspices of the GATT negotiations), it was also decided that a maximum of one percent of the income from value-added taxes would be directed to the Community; beyond this, it was agreed that the level of value-added taxes be harmonized at eleven percent. Up to the end of 1977, there would also be a “corrective” included that would ease Italy’s transition from dependence on disproportionately-high levels of revenue from levies and also facilitate the transition of the Netherlands and the Federal Republic from dependence on disproportionately-high revenues from tariffs.

Regarding the budget process to be implemented with the complete transition to revenue under Community control, a draft decision from the Commission was adopted specifying that the Council of Ministers would initially decide on the budget draft of the Commission via qualified majority. Parliament was to be able to make changes in the Council’s decision by means of a simple majority. For cases in which such changes were not acceptable to the Council or were modified by it, Parliament would have a second reading and then decide by a three-fifths vote whether and to what extent the Council’s changes were to be taken into account. Hence, the Commission’s influence over shaping the budget was not to be increased to the extent envisioned in Hallstein’s Commission proposal of March 1965. On the other hand, the status of Parliament was enhanced even further than in the 1965 proposal: It was now actually to have the final word on shaping the budget.

Maurice Schumann agreed to this strengthening of Parliament only with the stipulation that there once again be separate talks on the “modalities by which the European Parliament should determine the level of revenues.” And when the Brussels decisions were being discussed in Paris on 14 January 1970, Michel Debré, now defense minister, voiced opposition to the idea of Parliament’s having

the authority to increase expenditures. Pompidou concurred, clearly with the conviction that he could not win a struggle with the guardians of Gaullist tradition on the issue at that time. He presumably also feared irresponsible actions by members of the European Parliament, like those he had witnessed in the Fourth Republic. In any event, he claimed in conversation with Brandt on 31 January that the prospect of a legislature’s possessing power to initiate expenditures filled him “with horror.” This meant that the agreement of 22 December was fundamentally called into question once again.

Brandt showed understanding for Pompidou’s concerns. In answering the French president, he had to confess that this discussion was “not to his taste” because it was “an issue that would become current no sooner than 1975, and before that, we have to implement the actual program of The Hague.” When in doubt, he regarded the expansion and construction of the Communities as more important than the strengthening of parliamentary rights. He did not want this obviously-continuing difference of opinion on a question of secondary importance to put at risk the great achievements of the summit in The Hague.

Brandt’s retreat on the question of parliamentary rights led, after long negotiations, to a compromise that amounted to a defeat for Parliament and the Commission. In the early morning hours of 7 February 1970, the foreign ministers of the Six reached agreement on a settlement that, while it did leave the principle of Parliament’s responsibility for the budget untouched, gave the decision on actual expenditures in large measure to the national governments: The right of Parliament to have the final say on changes made by the Council would now only be in effect for expenditures that did not “arise perforce from the Treaty or legal acts passed on the basis of the Treaty.” For all other expenditures—and with the agricultural market, this was by far the overwhelming portion of the budget, amounting to some 96.5 percent at the time—proposals for changes would require approval by a qualified majority of the Council. Additionally, the Council of Ministers established narrow boundaries on Parliament’s right of initiative regarding non-obligatory expenditures: Potential increases were not to exceed an upper limit calculated from the development of the gross national product, the budget plans, and the cost of living—unless the Council agreed to an increase over and above that, likewise with a qualified-majority vote.

Talks took a bit longer on the introduction of a market for tobacco and wine, which Italy had made a precondition for agreeing to the entire definitive

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21 Gerbet, Construction, p. 259.
22 AN 5AG2, 104, quoted from Hiepel, Brandt und Pompidou, p. 81.
23 Ibid., p. 105.
arrangement on agricultural financing. France feared competition from inexpensive Italian table wine; West German vintners foresaw that the potential profits from their less sun-blessed products would vanish. The result was a wine market that on the one hand was characterized by high guaranteed prices but that also allowed for the possibility of improving West German wines with added sugar. Foreign Minister Scheel observed sarcastically to the leaders of his party that he had made certain that wines he himself would not want to drink could still be produced in Germany.25 After agreement was in principle reached during the third week of April, the whole system for completing the Agricultural Market was passed on the 22nd of the month.

There was little left of the fundamental reform of agriculture about which Brandt had reminded his interlocutors at the summit in The Hague. The West German and Italian demand for determining a general upper limit on agricultural expenditures ran headlong into stiff opposition from the French, as did the Dutch proposal for a multiyear financial preview. The only decision actually made was to retain a ceiling on the structural funds for agriculture. The plan for restructuring European agriculture that had been proposed by Agriculture Commissioner Mansholt in December of 1968 was thereby essentially blocked. Linking up with Mansholt’s earlier reform conceptions, this plan had foreseen investment assistance in place of further increases in price guarantees. It also included removing agricultural land from cultivation (in the range of five million out of a total of seventy million hectares), reducing dairy herds, as well as providing subsidies for agriculturalists choosing to retire early or change their profession. In this way, costly as well as economically-nonsensical agricultural overproduction, which moreover hampered the development of agricultural countries, was to be curbed. By means of the reorientation from price supports to structural assistance, the number of people employed in the agricultural sector was to drop within a decade from approximately ten to five million and the total amount of subsidies was to drop from two billion to 750 million units of account.26

Mansholt’s ambitious reform plan met with loud opposition from small and part-time farmers, who were faced with the prospect of losing future subsidies in the form of price guarantees. Agricultural interest groups carried out polemical

campaigns against what was alleged to be a looming forced collectivization along Soviet lines. The governments did acknowledge the need for reform in principle but shrank back from decisive measures in the face of the protests. Under these circumstances, the West German and Italian interest in containing agricultural expenditures led to the elimination of the financial basis of the reform to a significant extent. The Commission reacted with a more modest concretization of its draft: In a package of guidelines and regulations for implementing the plan presented on 29 April 1970, price decreases were no longer included; the criteria for “viable enterprises,” which would be the only ones to receive structural assistance going forward, were also more loosely formulated.

Wearisome negotiations on this “Mini-Mansholt Plan” led to a modest success: On 14 March 1971, the Council of Ministers passed guidelines for investment assistance as well as regulations for early retirement and retraining, along with advising affected farmers. The financial resources already available to implement these measures were not increased, however. The criteria for enterprises worthy of support were formulated extremely vaguely and left much latitude to the member states. Proposed guidelines for taking agricultural land out of production and premiums for slaughtering animals were completely rejected. The growing mountains of butter, pyramids of sugar, and oceans of wine could not be dealt with by such half measures.

After the Council of Ministers had increased the rights of the European Parliament by the smallest of doses and after the heads of state and of government had taken on ambitious projects going beyond the Treaties of Rome, the Commission saw the danger of its position within the structure of the Community being weakened. Jean Rey and his successor Franco Maria Malfatti both sought to counter this development by positioning themselves as programmatic pace-setters and by claiming the Commission’s right as a full participant in the new areas of activity. Rey’s term ended after the Merger Treaty on 1 July 1970. The fourteen-member transition Commission was replaced by one that once again totaled nine and whose head, according to the principle of rotation, was now an Italian. Mansholt remained in office, whereas Rey had to leave the Commission altogether due to the Belgian government’s preference for his colleague Alfred Coppé, who had come from the ECSC. Malfatti, a close confidant of Foreign Minister Aldo Moro and at age forty-three probably the most brilliant up-and-coming politician to emerge from Democrazia Cristiana, was surrounded by additional political heavy-weights: The liberal intellectual Ralf Dahrendorf, who had significantly contributed to giving the FDP a new left-liberal profile, replaced Hans von der Groeben. The second Italian representative was the European federalist Altiero Spinelli, who after many years of fruitless efforts to persuade the citizens of the Community to support the summoning of a constituent assembly now hoped the leading
role on the Commission. General Secretary Émile Noël, who had worked closely with Hallstein and Rey, was able to expand his influence; he would provide continuity in the leadership of the Commission until 1987.

The efforts of Rey and Malfatti to serve as pace-setters for the Commission ran into continued opposition from France, however. Rey was thus unable to gain for the Commission the leadership role in negotiations on expansion this time either. The Council president serving at the time became the negotiation leader; the Commission had to content itself with issuing position statements and developing proposals for solutions at the request of the Council. Malfatti fought in vain for unrestricted participation by the Commission in nascent European Political Cooperation (EPC). In actuality, it would only be allowed to participate if and insofar as issues within the Communities’ area of responsibility were being discussed. Proposals for a more efficient and more democratic form of decision-making for the Communities, presented by the Commission at the urging of Noël in May of 1972, were not taken up by the heads of state and of government.

Nevertheless, the Commission succeeded in promoting to a great degree the convergence of differing positions and the development of a common political line; it achieved this by means of task-oriented work and intensive exchanges with the governments. This was the case not only regarding the negotiations on expansion, in which it successfully defended the *acquis communautaire*, but also in the talks on a currency union and the joint preparation for the Conference on Security and Cooperation in Europe (CSCE). When protectionist tendencies began to be noticeable in American politics during the winter of 1970–71, Malfatti convinced the governments of the Six to bind themselves to a common position that served to counteract a deepening of the differences and also established in Washington a high-ranking diplomatic representative of the Commission.27

These successes by the Commission were somewhat overshadowed by the fact that after the conclusion of entry negotiations with Great Britain, Ireland, Denmark, and Norway in January of 1972, Malfatti chose to resign from the post of Commission president in order resume his national political career, participating in early elections to the Italian parliament. His successor was long-term Vice President Sicco Mansholt, who took office on 22 March 1972. After de Gaulle had sought in vain to be rid of this man during the crisis of the “empty chair,” it was none other than Pompidou who advocated Mansolt’s appointment now: Clearly, Paris was of the opinion that in the few months before the creation of a new Com-

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mission—with the participation of the new member states—Mansholt would offer no new challenges for French policy and thereafter would no longer be able to serve due to his age. In fact, Mansholt used the office of president to put his new issue on the agenda of international politics: the proclamation of sustainability and environmental protection, with which he had been engaged as a member of the Club of Rome. In the Commission itself, however, he was not able to prevail; it was especially Economic Commissioner Raymond Barre who emphasized the need for further economic growth over against Mansholt’s views.28

At the summit of the heads of state and of government in Paris on 19 and 20 October 1972, Mansholt called for the “next step”: Formation of a genuine European government that would be responsible to a directly-elected Parliament. Over and above the extension of social- and economic-policy cooperation, he encouraged the removal of border controls, the granting of European citizenship rights, and cooperation in the realm of education.29 That was more than could be obtained given the governments’ then-current areas of interest. Yet, by his actions at the Paris summit, Mansholt was able to ensure that the agenda of the breakthrough reached in The Hague was fleshed out and expanded.

That was all the more important given that his successor, François-Xavier Ortoli, demonstrated little ambition to force the institutional extension of the Community. As someone who had personally worked with Pompidou for a long time and who had served as minister of economic development in the cabinets of Jacques Chaban-Delmas and Pierre Messmer, he was primarily concerned with the success of the project for a currency union. Spinelli sought unsuccessfully to be responsible for institutional issues in the new Commission. His proposal to support the call for a European government by appealing for a process to create a constitution was rejected as inappropriate by Ortoli, who was, according to his own admission, “no theologian of Europe.”30

The First Enlargement

During the preparations for entry negotiations, the well-known antagonisms manifested themselves again: On the one hand, there were French worries over a softening of the *acquis communautaire* that had so recently been won with so much effort; on the other hand, the Five feared that if the Community took too
rigid a stance, then failure would be preprogrammed into negotiations. Pompidou’s conviction regarding the inevitability of British entry was as great as his mistrust of actual British motives, along with the ulterior motives of his partners. Also, he consciously wanted to seem “hard” so as to avoid giving the impression of having made an abrupt course change away from the stance of his predecessor. Thus, he insisted that the British be required to adopt all the principles of the Common Agricultural Policy, even if this would mean great financial burdens for the country given the high percentage of food it imported. For him, the willingness of the British to accept those burdens was more or less a litmus test to determine the seriousness of their desire to enter.31

With commensurate tenacity, Pompidou largely succeeded in pushing through the French positions when the mandate for negotiations was being determined at a Council session on 8 and 9 June 1970. It was thus decided that candidates for entry were fundamentally to accept the preference of the Community, uniformity of prices, and solidarity in financing the agricultural market. Their problems in adjusting were to be addressed solely by exceptional regulations during a transition period, and this was to be kept as brief as possible. The leadership role in negotiations was to be given to the Council, and that meant in practice that the fundamental conflicts of interest between the French and British governments would need to be worked out in those negotiations. The Commission was given the task of supporting the French government in operative detail and at the same time watching that British opportunities would not be overplayed.

For the British government, all this amounted to a poor starting place. Harold Wilson had initially hoped to be able to have a say in the definitive determination of the Common Agricultural Market. After those hopes had been dashed, there was nothing left to do but accept the principles of the Common Agricultural Policy and then, pointing out the unreasonable nature of the looming burdens when applied to Britain, negotiate for the longest possible transition period. While the foreign ministers in Brussels were setting the negotiation position of the Six, the British Official Committee on the Approach to Europe determined to call for a transition period of five or six years and then a further period of seven years during which the increase in the British burden would not be allowed to rise above a predetermined percentage. After these twelve or thirteen years, the entire system of

revenue under Community control was to be reviewed. In direct conversations with French politicians and diplomats, the British emphasized a shared interest in containing the Federal Republic, which was now causing worries not only with its economic success but also with advances in its “New Eastern Policy.” The British approach was intended to help soften Pompidou’s noticeably hard position.

The surprising victory of the Conservatives in parliamentary elections on 18 June 1970 changed nothing in regard to strategy. New Prime Minister Edward Heath, who had led the negotiations of 1961–63 as representative of the Macmillan government, now went into the new talks with all the materials that had been prepared by Wilson’s government and also pursued the same goals. At the opening of entry negotiations on 30 June, Europe Minister Anthony Barber made it clear right away that his government would need to insist on substantially longer transition periods than the Community had envisioned. No British government could accept responsibility for the burdens that an abrupt transition to the Community system would cause.

After an initial sounding out and after initial talks, the Heath government in early December reduced its demanded transition period to five years; the following “corrective phase” was now only to last three years. British contributions—to be made up of levies, tariffs, and direct payments or tax components—were to be only 2.6 to three percent of the Community budget, however, as new Europe Minister Geoffrey Rippon specified on 17 December; by the end of the transition period, the British share was to rise to thirteen to fifteen percent. A period of six years was envisioned before the complete adoption of the levy system and three years for the complete incorporation into the commercial system of the Community. It was believed that only by this means would it be possible to ensure that the anticipated impetus to British industry would not be negated by drastic increases in food costs. Additionally, London persisted in calling for exceptional regulations for the importation of Caribbean sugar and New Zealand butter: There were long-term agreements on these imports that were essential for the Commonwealth countries involved.

For Pompidou, those were simply risible concessions. Given that the British would from the beginning profit from the advantages of the Common Market, he

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Expansion and New Perspectives, 1969–1975

regarded an initial proportion of twenty-two percent for the financing of the Agricultural Market as appropriate. In his view, attempts to delay the full burden raised the danger that in five or seven years the British would once again seek to topple the entire system of financing. “One gladly concedes to the British three qualities,” he said of the offer during a press conference on 21 January 1971, “humor, tenacity, and realism. The thought occurs to me that we still find ourselves a bit in the humor stage. I have no doubt that tenacity will follow. I hope too that realism will come and will triumph.”

What clearly came next was tenacity—on both sides. Whereas the Five wanted to accommodate the British, France persisted in its position and was supported by the Commission. In mid-March, Paris added the demand that Britain give up the pound’s status as a second international reserve currency after the dollar; this had been urged by Economy Commissioner Barre. High foreign credits in sterling and the British guarantee of the Commonwealth countries’ currency reserves made the pound highly vulnerable to fluctuations in value that were not compatible with the Common Market and certainly not with the sought-after currency union. In light of the country’s chronic balance of payments deficit, the British were to commit themselves to a firm stability policy that would promote the desired uniformity among the currencies.

For a time, Heath considered the possibility of making Pompidou more willing to compromise by accommodating him on the issue of a joint nuclear force. No later than 1965, the Briton had become convinced of the necessity of an autonomous European defense; improvements in Soviet anti-missile capabilities, which were now making the development of new missile systems necessary, served to strengthen his conviction. Heath therefore wanted a “radical initiative” both to solve British security problems and to secure entry into the European Community. In February of 1971, interministerial committees recommended that a proposal be made for the creation of an “Organisation for the Co-ordination of European Defence” and for the joint development of a new generation of sea-based missiles. However, Foreign Minister Alec Douglas Home got the impression in mid-April that such an initiative would weigh down the entry negotiations rather than accelerate them; and so the idea was deferred.

In fact, signs began to multiply in the middle of April that, even without British accommodation on the issue of an autonomous European nuclear force,

Pompidou would soften his rigid stance. Via Brandt, Heath had let the French president know at the beginning of the month that he needed a demonstrable success by the summer; otherwise, British opinion threatened to change drastically.\textsuperscript{38} This made it clear to Pompidou that it was necessary to yield. If he did not, there would be fears of the failure of the expansion project and also the relapse of the partners into the old lethargy. Commissioner of Foreign Trade Jean-François Deniau, who had been given the leadership of the Commission’s negotiating delegation, told Pompidou that “It would be easier for England to block the Community if it stays out rather than if it is in. Its absence gives every member that doesn’t want to negotiate a constant excuse.”\textsuperscript{39}

Michel Jobert, the general secretary of the French president, and British Ambassador Christopher Soames had been holding off-the-record conversations since February. In the second half of April, the two reached agreement on the outline of a compromise: The initial level and the increase in British contributions were to be based on objective criteria; the restriction of Caribbean sugar imports was to be postponed until the end of the transition period; the issue of New Zealand butter imports would be dealt with later. As to resolution of the currency problematic, a British declaration of intent would suffice. Additionally, a timetable for the detailed resolution of contentious issues would be agreed upon: first of all, a sign of willingness to compromise at the next meeting of the Council of Ministers, then an agreement on basic issues during a visit by Heath to Paris, and, finally, the determination of details at the Council of Ministers meetings in June.\textsuperscript{40}

In fact, at the Council of Ministers meeting of 11 and 12 May 1971, the British delegation surprised most participants by agreeing to a new regulation of sugar imports after the expiration of the Commonwealth Sugar Agreement (CSA) at the end of 1974. In response, the French delegation accepted the principle of an incremental increase in British contributions. The French also conceded in essence the possibility of extending the transition period beyond five years and presented a mathematical model for calculating the rate of increase.\textsuperscript{41} During comprehensive talks between the French president and the British prime minister in Paris lasting altogether some twelve hours on 20 and 21 May, Heath let it be known that he was prepared to take the necessary measures to stabilize the British pound.

\textsuperscript{38} Cf. Rippon to Heath, 1 April 1971, NA, PREM 15–370; Brandt to Pompidou, 6 April 1971, AN, 5AG2, 103.  
\textsuperscript{40} Pompidou’s advisor Jean-René Bernard informed Brandt’s State Secretary Katharina Focke on 3 May 1971 about this agreement; see Hiepel, \textit{Brandt und Pompidou}, pp. 131ff.  
\textsuperscript{41} O’Neill, \textit{British Entry}, pp. 95–98.
He likewise made it clear that this would include giving up the pound’s link to the US dollar, which had been in place up to that point. Pompidou then assured his visitor that he would be accommodating on the issue of New Zealand butter: After incremental reductions of imports during the transition period, the issue was to be revisited in five years’ time in light of world market regulations that would have been determined by that point. Pompidou then declared that over the course of negotiations, the initial level of British contributions to the budget could “come in at something less than ten percent.”

The whole thing was less a negotiation than a backup measure to overcome Pompidou’s mistrust. Heath willingly gave all the assurances that the French president sought: He would send bureaucrats to Brussels who would be in a position to work in French; he would not demand any reduction of support for Francophone countries in Africa; and, yes, he was in “complete agreement” that when it came to a country’s vital interests, unanimity must reign. A protocol of these results prepared at Pompidou’s behest but not published held to the Luxembourg Agreement of 1966 “that community decision must in practice be reached by unanimous agreement on issues where the vital national interests of one or more partners are at stake.”

Heath did not accept Pompidou’s concession on the issue of the initial contribution level. He granted only that the final step at the end of the transition period could not be too high; he also assured his host once again that Britain was serious about the complete adoption of the Community system: His government had no intention of “fudging in one way or another.” The personal aides Jean-René Bernard and Peter Thornton were given the task of continuing the talks on that point.

In fact, an initial contribution of “something under ten percent” was still an imposition on the UK. This would mean that the British would experience a higher cost of living immediately upon joining the Community, whereas the fruits of entry—increased exports and productivity—would fail to materialize for the time being. Those in London now had to tell themselves that not much more could be achieved than the reduction to eight percent that the other EEC partners thought appropriate. During another marathon session in Luxembourg from 21 to

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23 June, the British delegation in the end agreed to an initial level of 8.64 percent that would rise in the fifth and final year of the transition period to 18.92 percent. Additionally, caps were agreed upon for the first two years of full contributions, that is, 1978 and 1979. In the case of “unacceptable situations,” there were promises of “equitable solutions.” Regarding New Zealand butter, the settlement that Pompidou had offered was defined more precisely. The British declaration of intent to reduce sterling-denominated assets and to take measures for adapting to the planned economic and currency union had already become known at the Council of Ministers meeting of 7 and 8 June—much to the consternation of Barre, who had additionally wanted to negotiate a pledge to stabilize the pound.  

The other candidates for entry found these conditions with a five-year transition period unproblematic. Because agricultural self-sufficiency was significantly greater in Ireland, Denmark, and Norway than in Britain, there was no issue of an initial increase in the cost of living in these countries. It was even the case that in the second year of the transition period, Denmark was able to achieve the net gain that was to be expected only upon full membership. The smaller candidates nevertheless defended themselves against any attempt to set transition terms for them that were less advantageous than those granted to Britain. When in December of 1970 the Commission was contemplating exactly that, sharp protests came especially from the Danish government led by Prime Minister Hilmar Baunsgaard. Finally, at a meeting of the Council of Ministers with representatives of the candidates on 11 and 12 July, it was agreed that the terms accorded Britain would apply to the other candidates as well. They thereby received essentially the same terms that the Danish government itself had already proposed in October of 1970.

Denmark had a different problem: Freedom of establishment for enterprises of the member states, which was linked with entry into the Common Market. This threatened to lead to a sell-off of agricultural enterprises and coastal resorts in North Schleswig to Germans with deep pockets. Because opponents of Danish entry made this into a strong argument for their cause, the government called for retention of the ban on freedom of establishment until the end of the transition period. In late November of 1971, the Council of Ministers agreed this.

For Ireland and Norway, the largest problem was the Common Fisheries Policy (CFP) that the Council of Ministers, after wearisome negotiations, had just completed before the opening of entry talks in June of 1970. Like the agricultural policy, this envisioned the use of Community funds to finance price-stabilizing measures and structural modernization; in exchange, it also called for the opening of territorial waters to the fishing fleets of all member countries. During a transition period of five years, exceptions were to be made for coastal areas whose populations were heavily dependent on fishing. This was a problem for Ireland and Norway in that no later than the end of the transition period, the substantially better-equipped fishing fleets of the large members threatened to exhaust the supply of fish in their waters. The Norwegian government saw as a consequence the depopulation of already thinly-settled coastal regions in the northern half of the country.48

Both governments therefore demanded nothing less than retention of the twelve-mile zone of exclusive national fishing rights that had been guaranteed by the London Fisheries Convention of 1964. That was unacceptable to the Commission, as was the proposed requirement that foreign fishermen reside in Norway, which had been presented by the principally more Europe-friendly government of Social Democrat Trygve Bratteli in June of 1971. After tough negotiations beginning in October, the governments of Ireland, Britain, and Denmark accepted a compromise proposal from the Commission on 12 December: The transition regulations for certain coastal regions and for the entire twelve-mile zone would be extended for ten years, and a review of fishing policy was announced for the end of the transition period. The Norwegian government continued to seek guarantees of special treatment for an unlimited period. On 15 January, it had to content itself with an expansion of the Norwegian special zone significantly to the south (as far as Egersund) and with a special protocol that made mention of the possibility of an “extension of the existing system” after the end of the transition period, if the “special demographic and social structure of the country” would make it needful.49

The talks with Norway became all the more difficult when the Norwegian government began seeking unlimited exceptional regulations for its entire agri-

culture sector as well. Given the difficult climatic and topographic circumstances of the country—with mountains and fjords and some third of its territory lying above the arctic circle—Norwegian farmers would be faced with more than a fifty percent drop in income if markets were opened, price levels reduced, and national support measures eliminated. From a technical standpoint, it was hardly possible to create larger units so as to increase productivity. The fear that entire areas of the country would be depopulated was thus not without justification. The Bratelli government proposed that farmers continue to be supported with exceptional regulations for individual products, especially price supports for milk and transport assistance; this was to be financed from the European Agricultural Guidance and Guarantee Fund (EAGGF).

The Commission and Council of Ministers gradually converged on this proposal, not least of all because Brandt made the case for understanding the problems of his "second homeland." They did not however completely embrace it. On 12 December 1971, a special protocol on Norwegian agriculture was finally passed that, although not explicitly mentioning permanent exceptional regulations, did acknowledge the necessity of "specific provisions" even after the end of the five-year transition period. Among these were to be measures for guaranteeing milk production and transport assistance. The Commission was to examine the extent to which the Community could participate in providing the funds needed for this. This was too little for the Norwegian agricultural interest groups; for its part, however, the government thought that it had succeeded in gaining the core of its demands. After the terms of Norwegian entry into the Common Fisheries Policy had also been settled on 15 January, the way was clear for the signing of the common entry treaty for all candidates on 22 January 1972.

In light of the many problems that had delayed the conclusion of negotiations, the atmosphere in Brussels at the signing of the treaty was anything but enthusiastic. In fact, it would soon be seen that there was no majority in Norway for entry. Fishing Minister Knut Hoem resigned in protest even before the Norwegian government had definitively acceded to the Fishing Protocol, due to what he regarded as an unsatisfactory result of negotiations. Bratelli and the other supporters of accession in the government, who were convinced of the need to join the prospering European Community, could not contain the negative trend in public opinion in the northern parts of the country and along its coasts. Together with the anti-Europeanism of the radical left and the conservatism of neo-liberal intellectuals, a majority of 53.3 percent spoke out against entry in a consultative referendum on 24 and 25 September 1972. As it had pledged to do, the Bratelli

50 Ibid.
government responded by resigning immediately. The new minority center-right government under Lars Korvald was under much time pressure to negotiate a free-trade agreement with the Community, as Sweden and the other remaining EFTA countries had in the meantime already done.⁵²

In Britain, the accession treaty received the necessary majorities. After an intensive campaign in support of it and six days of debate in the House of Commons, a majority of 356 to 244 voted on 28 October 1971 in favor of entry under the terms that the government had negotiated. A law for entry was then passed on 13 July 1972 with a majority of seventeen votes. It was the case however that Heath presented the results of his negotiations in an extremely defensive manner out of fear of the opponents of entry. The political ambitions and economic visions that underlay the application were not mentioned at all; in a white paper of 7 July 1971, the government even asserted that there was “no question of any erosion of essential national sovereignty.”⁵³ Additionally, after Labour’s unexpected defeat at the polls, a tendency prevailed in the party to mobilize the diverse cross currents for a quick return to power; Wilson only knew how to unify his party and above all retain his leadership position by taking to the field with the slogan “No entry on Tory terms.” In the election campaign over the winter of 1973–74, he vowed to renegotiate those terms and to submit the results of that process to a referendum.⁵⁴

British opponents of entry gained additional momentum when the economic condition of the country, which had long been problematic, became dramatically worse during the first year of membership. A major miners’ strike in January of 1973 drove unemployment numbers over one million. Both inflation and the trade deficit increased; the quadrupling of oil prices in October of 1973 led to further burdens. Under these circumstances, Wilson’s spectacular and questionable change of course brought results: Elections in February of 1974 gave Labour more seats than the Conservatives. Wilson formed a minority government on 4 March that was then able to win a small majority in new elections in October of 1974.

In office once again, Wilson now had to make good on his promise of new talks. This did not however turn into the “fundamental re-negotiation” that Labour had announced.⁵⁵ James Callaghan, Wilson’s new foreign secretary and a spokesman of those rejecting the accession treaty, did indeed come off as tough in Brussels at first. He soon had to realize however that nothing could be

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⁵³ Quoted from Young, *Britain and European Unity*, p. 113.
achieved that way. In the eyes of the partners, the demand for new negotiations was nothing less than a threatened breach of the treaty, confirming the views of all who had warned against British entry. Those who continued to be interested in having the country participate could only shrug their shoulders in acknowledgment that British politics might well be on the verge of squandering the results that had been so tenaciously striven for.

In the end, it was Helmut Schmidt, Brandt’s successor as chancellor since 16 May 1974, who helped Callaghan and Wilson save face. More skeptical than Brandt and Scheel as to the chances of a currency union and Political Union, Schmidt—a self-confident native of the Free and Hanseatic City of Hamburg—at the same time had a special interest in seeing that the pragmatic tradition of British politics gained an influence in the Community. This led him to put a high priority on preventing British withdrawal. In a speech at the Labour Party congress in late November, he advocated that Britain remain in the Community, doing so in excellent English, which won him respect, and in a tone tailored to the mindset of British party comrades. This did not actually bring a majority of delegates to the point of changing their minds, but it did strengthen the position of the Europe advocates in the party. Above all, it gave Wilson and Callaghan courage to commit themselves to working for confirmation of the entry decision.

Schmidt then worked to persuade new French President Valéry Giscard d’Estaing to make concessions to the British on some lower-priority issues. While conferring after the speech with Wilson at Chequers, the country retreat of the British prime minister, Schmidt arranged a meeting between the British and French leaders. Wilson then assured Giscard on 3 December that, as Schmidt had requested, he would publicly work for Britain to remain in the Community if the partners would accede to the introduction of a “self-correcting mechanism” for avoiding excessive budget contributions. Four days later, Wilson spoke publicly to this effect. At the meeting of heads of state and of government in Paris on 9 and 10 December, Giscard then made a concession along those lines. Beyond this, Schmidt agreed to provide sufficient financing for a European Regional Fund that would be of benefit to Italy as well as Britain and Ireland. At the summit in Dublin on 10 and 11 March 1975—the “summit of the pocket calculators”—it was decided that the self-correcting mechanism would take effect if the gross national product of a member state fell below eighty-five percent of the average, a level that Britain would continually be able to avoid. It was also decided that the end of favored importation of New Zealand butter could be extended from 1977 to 1980.

Together with the vague announcement of a “review” of the Common Agricultural Policy and the signing of the Lomé Convention, which extended the favored
status of former colonial areas to the Commonwealth countries,\textsuperscript{56} there were enough concessions to gain majority support in the British cabinet for remaining in the Community. In the House of Commons and at a special party conference, a majority of Labour politicians stuck by their opposition, however. In a referendum, which Wilson scheduled for 5 June 1975 and of whose outcome he was confident, some sixty-seven percent of the voters agreed “that the United Kingdom should stay in the European Community.” The unity of the party was saved by this, and Wilson had succeeded after all in what he regarded as necessary for the interests of Great Britain.\textsuperscript{57}

Yet, the referendum—which was an absolute innovation in British politics—did not constitute a conscious decision for participation in the European project, as Wilson and in a similar way Heath too had originally envisioned it. Moreover, the Labour prime minister displayed too little public engagement on behalf of European politics. Decisive for the positive vote—which had been advocated very strongly by the business community and the press as well as the Anglican Church—was merely the fear that a withdrawal would threaten to cause still greater economic problems for Britain. As one pro-European Labour deputy summarized this kind of support that stemmed from resignation: “You cannot unscramble the egg.”\textsuperscript{58}

Looking at the big picture, it was the case that French approval for British entry had come too late to make an active and engaged member of the European Community out of the United Kingdom. If accession had been completed before the end of the postwar boom had struck Britain so very hard, another outcome of this first round of Community expansion could certainly have been imagined. It must remain an open question as to whether Wilson would have been in a position to keep the Europe issue out of intra-party and domestic political power struggles. What is certain is that due to his own interest in securing his leadership role, he contributed over the long term to damaging the Community’s potential for development.

This proved all the more fatal when the leaders of the Danish Social Democrats (who since October of 1971 had once again held the office of prime minis-


ter) in their referendum campaign during the summer of 1972 concentrated solely on the economic advantages of membership and emphasized their rejection of supranational solutions in the realms of currency and foreign policy. They did so out of fear of losing the Euro-skeptic segment of their supporters to more radical groups; this strategy was rewarded with a positive vote of 63.3 percent in the referendum of 2 October 1972. The decision to gain approval for entry by means of a referendum also led to an institutional solidification of the opponents of Europe, a development that would place narrow limits on the freedom of action of future Danish governments. Conversely, the transitory danger of a British withdrawal had at least served to make the Irish Republic into a highly active member of the European Community.

### The Project of Monetary Union

Parallel to the first expansion, the governments of the Six took up the project of an economic and currency union. It had long been on the agenda of the Community and indeed was a necessary counterpart to the completion of the Common Market. The policies of the Customs Union, the Common Market, and the Community could not succeed over the long term if the currencies of the member states were to develop in divergent ways and if the member states sought to steer divergent let alone contrary courses in economic policy. The EEC Treaty itself had thus foreseen coordination in economic policy with the goal of currency stability and convertibility, bound up with “mutual assistance” in cases of difficulties with balances of payment. In its action program of October 1962 for the second stage of the Common Market, the Hallstein Commission (with the advice of Belgian-American economist Robert Triffin) proposed strengthening monetary cooperation among the Six and creating a European Reserve Fund. No later than the end of the transition period, these two initiatives were to lead to a currency union.

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61 Articles 105 to 107 of the EEC Treaty.
Initially, the proposal for coordination led to only modest results—firstly, because the governments feared the loss of decision-making on currency and economic policy, and secondly, because the Commission’s measures included medium-term economic planning of a Keynesian cast, which did not suit the neo-liberal forces in the governments. In May of 1964, the tasks of the Currency Committee of the Council of Ministers were expanded; at the same time, Committees for Budgetary Policy and Medium-Term Economic Policy as well as a Committee of Governors of the Central Banks were put in place.

The currency turbulence of 1968, which had been unleashed by the lax financial policy of the US and the resulting decrease of confidence in the dollar as the leading international currency, spurred the reactivation of the project of an economic and currency union. Without greater convergence in these areas, there was not only the danger of perpetual hindrances to Community policies but also that of the disintegration of the Common Market itself, with devastating economic consequences. In February of 1968, the Commission, now under the leadership of Raymond Barre, therefore presented a new plan for creating a reserve fund and for introducing firm and definitive exchange rates. This did not initially spark any response, however. In the autumn of 1968, Bonn refused the partners’ demand that the mark be allowed to appreciate; and de Gaulle defiantly rejected a devaluation of the franc, something that in reality was unavoidable.\textsuperscript{63}

The Commission responded with an initiative that was somewhat less ambitious. Its next proposal, ready in December of 1968 and officially presented on 12 February 1969 (the so-called “Barre Plan”), initially envisioned only mutual agreement on every change in exchange rates as well as short-term monetary support actions on the basis of decisions by central banks and medium-term assistance by decision of the Council. At the same time, coordination of economic and business-cycle policy was to be intensified by adding the goal of achieving price stability.\textsuperscript{64} Giscard d’Estaing, who had long been urging a European solution to the problem of currency turbulence, was able to convince Pompidou to go in this direction; the Council of Ministers of the European Communities was thus able to approve the fundamentals of the Barre Plan on 17 July 1969. Brandt let himself be convinced by Monnet in November to aim for the creation of a European Reserve Fund as well. When the summit in The Hague decided to produce


an incremental plan for establishing an economic and currency union over the course of 1970, Triffin was on hand in the role of an advisor to the chancellor.\textsuperscript{65}

In developing the plan, however, different priorities manifested themselves. Whereas for the more economically weak member states the primary concern was support for their endangered currencies, the \textit{Bundesbank} and Economy Minister Karl Schiller insisted on budgetary discipline and bringing about macroeconomic convergence as the prequisite for the introduction of a common currency. In connection with this, a Belgian proposal envisioned in the first phase of the multi-stage plan a reduction of the range of fluctuation of European currencies against the dollar. The West German draft called for only short-term support measures in this first phase and additionally emphasized the necessity of harmonizing economic policy. On 6 and 7 March 1970, the Council of Ministers established an \textit{ad hoc} committee chaired by Prime Minister and Finance Minister Pierre Werner of Luxembourg. This body ended up in a negotiation crisis due to the differences, and the deadlock was only resolved through discreet intervention by Brandt on behalf of rapid currency integration. The report approved by the committee on 8 October 1970 (the so-called “Werner Plan”) proposed beginning in the first phase with efforts to reduce the range of fluctuation on a trial basis and “potentially” establishing a Currency Equalization Fund. The common currency was to be introduced after a decade of dismantling existing imbalances, that is, in the year 1980. Responsibility for the common currency was to be in the hands of a common central bank; economic policy was to be steered by a “European Economic Policy Decision Center” responsible to the European Parliament.\textsuperscript{66}

The emphasis on the necessity of binding decisions, which Bonn had negotiated as a \textit{quid pro quo} for its expressions of support, seemed in Pompidou’s eyes an attack on his authority over promoting dynamism in the French economy. Additionally, he was motivated by Debré’s intense attacks on the results of negotiations\textsuperscript{67} in the Council of Ministers, raging at any interference in his budget policy. Schumann and Giscard were directed not to support any transfer of further authority to the Community level. After the president had calmed down somewhat, he admitted to Brandt at the Franco-German summit of 25 and 26 January 1971 that the monetary measures planned for the first phase should only continue to be in effect if, before their expiration, an agreement had been reached on the


\textsuperscript{67} Of which the West German embassy in Paris learned, \textit{ibid.}, p. 142.
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The West Germans were satisfied that in regard to the final phase, there was only a general reference to a common central banking system and that the issues of its area of authority and its independence were left open. Likewise, Bonn accepted the formulation that the necessary economic policy decisions should be made at the Community level by the organs of the Community.

The Federal Republic had thus received assurance that measures on currency and economic policy would go hand in hand and that in the end, authority would reside on the European level. The actual nature of the currency- and economic-policy decision-making process in the future Union was consciously left open, however. In this form, the plan for creating an economic and currency union was passed by the Council of Ministers on 9 February 1971. A further resolution of the Council of Ministers 22 March specified that the initial phase should last from 1 July 1971 to 31 December 1973. As an initial measure, a minor reduction in the range of fluctuation among the European currencies was passed: from the existing .75 percent upward or downward to .6 percent, altogether from 1.5 percent to 1.2 percent.

The compromise underlying the decisions of March 1971 did not hold up very long, however. Several weeks later, the Federal Republic became the object of speculative dollar influxes that disturbed the external economic balance and conjured up the danger of imported inflation. Schiller reacted with a demand for completely freeing up the DM exchange rate (so-called floating) and succeeded in pushing it through, for at least a limited period, at a meeting of the EEC finance ministers on 8 and 9 May 1971. In his view, the other member states simply needed to join in with this so as to save the project of a common currency area. In actuality, a common float threatened to reduce the competitiveness of the weaker economies and to elevate the mark to the status of leading European currency; for that reason, it was out of the question for Pompidou. In isolation, a West German float would disrupt the functioning of the European Agricultural Market and render obsolete the decision to engage in narrowing the range of fluctuation.

Pompidou’s disappointment over the swerve by the Federal Republic was all the greater given that the more substantial alternative—a devaluation of the dollar—did not come into question at all. Instead of joining together with its European partners in demanding that the US government make such a move, Bonn helped Washington continue solving its budget problems at the cost of its European allies. A common European response to the American challenge did not materialize, not even when President Nixon eliminated the convertibility of

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the dollar into gold and thereby definitively undermined the Bretton Woods currency system on 15 August. While Schiller continued to plead for a common float, and the Dutch as well as the Belgians and Luxembourgers de facto freed up their currencies to rise, the French decided to split their currency market: For financial transactions, the exchange rate was freed; for trade movements, the existing parities were maintained by means of interventions and capital controls.

Another intervention by Brandt was needed in order to bring the Federal Republic back on course with the Community. The chancellor was in his own estimation a layman regarding currency policy and had initially yielded to his economy minister, not least of all because the policy of defending the mark was very popular. However, when the chancellor perceived that divergence on the issue of how to respond to the flood of dollars was leading toward a point where the project of a currency union would be fundamentally endangered, he sent Ludwig Poullain, the head of the West German Landesbank—who was a critic of Schiller—to the French presidential advisor Jean-René Bernard in order to negotiate a compromise that would balance the interests of the two countries: a return to firm exchange rates with a rise in the mark, devaluation of the dollar, and retention of the parity of the franc. At a bilateral meeting with Nixon in the Azores on 14 December, Pompidou reached an agreement on the exact level of the dollar devaluation: 7.9 percent. On 18 December, the subsequent Smithsonian Agreement (named after the Smithsonian Institute in Washington, the location of the G-10 finance ministers meeting) called for the mark to rise by 4.6 percent, a little less than Pompidou had sought. With these preconditions, the European partners accepted an expansion of the range of the fluctuation of their currencies against the dollar from plus/minus .75 to 2.25 percent (altogether from 1.5 to 4.5 percent) and overall reverted to intervention in cases of deviation from the resulting averages.69

In order to advance the project of a currency union again, it was also necessary to reduce the range of fluctuation among the European currencies. Schiller bristled against a proposal to this effect made by the Commission. Brandt overrode this, and so on 21 March 1972 the Council of Ministers issued a call for the member states’ central banks to reduce the fluctuation margins among their currencies to plus/minus 2.25 percent. Within the “tunnel” of 4.5 percent vis-à-vis the dollar, there thus emerged a “snake” with a range of 2.25 percent. Whereas dollars would still be used for interventions against dollar fluctuations, interventions within the snake would for the first time be carried out in currencies of the

Community. This meant that the dependence of the weaker European currencies on the mark was lessened and that a core of European solidarity on intervention emerged. On 10 April, the heads of the central banks of the Six met in Basel and signed an agreement that would take effect a fortnight later. The candidates for entry joined in, initially only for the short term, however.

The renewed Franco-German consensus that underlay the establishment of the European currency snake also withstood the next round of attacks on the European currencies. As American dollars once again began flowing increasingly into Europe in June, the British government opted to abandon the snake and allow the pound to float. Schiller wanted to do the same and once again recommended a community float of the European currencies. Conversely, Brandt won over the cabinet on 29 June for initiating capital controls as the French and Italians were doing. This caused Schiller to resign from his ministerial posts. His successor was Helmut Schmidt, an all-round politician who concentrated on what was politically possible rather than on economic theories, which had been Schiller’s main focus.

Inspired by this stabilization of Franco-German solidarity, Pompidou now demanded that the planned currency balance fund be introduced soon and that it be given wide-ranging authority as well. Brandt concurred, though with an eye to the goal of stability for the economy of the Federal Republic, he included the restriction that there should be a cap on the credit facilities and monies available each year. With preparations made jointly by Giscard and Schmidt, the economy and finance ministers of the Community met on 11 and 12 September and were able to decide on the establishment of a European Monetary Cooperation Fund in the first phase of a currency union. The fund was initially to serve for the compensation of the central banks in the currency snake and make balance equalization multilateral; for this purpose, a European unit of account was to be introduced. For later phases, an “incremental communitization of reserves” was announced. The Paris summit in October set the launch of this cooperation fund for April of 1973 and confirmed once again the already-determined course to a currency union.70

It was admittedly the case that neither the capital controls nor the expansion of currency cooperation offered a guarantee of a return to stable exchange rates. When in late January of 1973 a new torrent of dollars swept into the European currency markets and the US government allowed the dollar to float freely in March, Schmidt—who was serving in the second Brandt cabinet as finance minister with

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expanded responsibilities—could advocate nothing besides a common float of European currencies as a means of helping out. This time, Pompidou agreed, despite the dangers for French competitiveness that were still bound up with such a move; he consented only with the precondition that the mark be allowed to appreciate once again, this time by three percent, and that the decision only be made after the end of voting for the French National Assembly on 11 March (a delay that cost the Bundesbank a large amount of currency reserves). He feared that if France did not participate, then Bonn would go it alone and would be followed by the other countries with hard currencies. On 12 March, the decision was thus made for a common float of the countries of the currency snake. The “tunnel” of pledges to make supportive purchases for maintaining the fluctuation range vis-à-vis the dollar now vanished.

The move to initiate bloc floating did not constitute a genuine step on the road to European currency union, however. The currency bloc that had been created was not large enough or strong enough for that. Britain and Italy remained outside, although Brandt had made both governments generous pledges of assistance that ran counter to West German policy oriented on stability. According to Brandt, the “ifs-and-buts of the experts” on both sides ensured that the great gamble envisioned by the chancellor and also energetically advocated by Jean Monnet since the Paris summit had fallen by the wayside in talks among the economic and finance ministers. Along with France, the Federal Republic, and the Benelux states, only Denmark participated.72

With the Heath and Andreotti governments shrinking back from involvement in the currency snake, Bonn lost its willingness to promote currency solidarity via steps to curtail its orientation on stability. Schmidt was visibly disappointed that Italy especially—a founding member of the Community—showed little disposition to practice budgetary discipline; he was also simultaneously faced with the growing danger of inflation due to the continuing flow of dollars and so henceforth supported strictly-parallel inflation-fighting and monetary support. Brandt followed him in this, not least of all due to the impression that there had been a change in West German public opinion, which was increasingly critical of the alleged profligacy of the partner countries. As the launch of the currency cooperation fund (set for 1 June 1973) was being prepared, Schmidt insisted on binding

pledges regarding budgetary discipline. When this was rejected, he balked at making a substantial transfer of currency reserves to the Community fund, as Monnet and the European Commission were demanding.

In order to overcome the stagnation in currency integration that had resulted from all this, Monnet once again pushed for taking the bull by the horns. In August, he sent another plan conceived by Triffin to Pompidou, this one calling for the rapid collectivization of all currency reserves, linked with the strengthening of Community authority on currency issues. The Currency Fund was to receive a directorate with decision-making power, and the budgetary rights of the European Parliament were also to be increased. It was clearly Monnet’s calculation that the creation of opportunities for the Community to intervene in matters of national budget policy would banish Bonn’s fear of a Community plagued by inflation. Pompidou was clearly not ready, or not yet ready, to pay the price of a further loss of national sovereignty that was being demanded here. On the report about Monnet’s request that had been prepared by Bernard, he wrote “dangerous or theoretical.”

On 3 and 4 December, it nevertheless proved possible for the economy and finance ministers of the Community to reach agreement on a package for the transition to the second phase of currency union. They agreed on stability guidelines and on converging economy policy, a decision that had some credibility even in Bonn’s eyes. Schmidt rejected the pooling of reserves, but as a return gesture, he did accept an increase of short-term currency assistance. The package was not passed by the Council of Ministers, however. In the Council session of 17 and 18 December 1973, the British and Italian governments insisted that decisions on economic and currency union could not be taken without the establishment of the European Regional Fund, which they were advocating for the benefit of their structurally-weak regions. For their part, the West Germans were not willing to accept that demand, given their conviction that they could not afford more transfer payments; the transition to the second phase thus remained without new instruments. This second phase was intended to serve as a consolidation of what had been achieved up to that point. However, the qualitative leap into currency integration had been de facto put off for an indefinite period.

As massive amounts of dollars flowed into Europe and particularly into the Federal Republic in the wake of the rise in oil prices, the possibility of such a leap became more remote. Pompidou felt that he needed to dip deeply into French currency reserves if he wanted to follow the renewed rise of the mark and thereby the snake overall, but in light of growing domestic criticism of his alleged inaction in the economic crisis, he did not want to risk it. Bonn offered short-term assis-

tance of some three billion dollars, which Pompidou rejected, presumably due to fears of a further loss of prestige in the eyes of traditional Gaullists. Instead, he had Giscard declare on 19 January 1974 that France would temporarily leave the currency snake.\(^7\)

For Brandt, this was a moment of deep skepticism regarding the future of the European Community. As he noted during a conversation in the chancellery in early April, the economic- and currency-policy philosophies of the French and of the Germans were too different, and it was “clearly not possible to make up for the economic crumbling of the Community with political initiatives.”\(^75\) Only a few days later, however, he was developing plans once again for unlimited support measures that would ease France’s return to the currency snake. According to the vision of the West German government, it would be possible even before 1980 to begin with the construction of a European government on the basis of these plans, one that would even be controlled on the European level by Parliament.\(^76\) Indeed, Brandt had many European policy initiatives in mind at the time he decided to resign from the chancellorship due to the espionage affair involving Günter Guillaume.

Brandt’s return to optimism had not been without justification. Giscard d’Estaing had been elected president of France on 19 May after Pompidou’s death on 2 April from the blood disease that had afflicted him for many years. The new French leader took measures at once to combat inflation, measures that were to enable the country’s quick return to the currency snake. During his first Franco-German summit as president, Giscard announced his intention to seek a “type of stability” comparable to that of the Federal Republic and a “genuine convergence” of the policy of both countries.\(^77\) He was in fact able to bring the franc back into the currency snake in May of 1975, although with serious opposition from his finance minister. From 10 July 1975 onward, the franc was once again an official part of the European currency association, at the same exchange rate against the mark as in the spring of 1973.

It is therefore not appropriate to speak of a failure of the project for an economic and currency union. In actuality, it was only that it had been taken up too late to be put into effect rapidly and consistently. The understandable nervousness with which European societies reacted to the end of the period of continual...

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76 Per Fischer’s notes, 23 April 1974, provided by Hiepel, *Brandt und Pompidou*, pp. 316f.
economic growth served to reduce the freedom for making efforts motivated by solidarity and also prevented the heads of state and of government from carrying through with the collectivization of the currencies as quickly as would have been necessary in order to deal with the currency crisis that had stemmed from the US. On the other hand, additional motives for holding fast to the European project sprang from the crisis and the resulting breakdown of the world currency system. Even though the European currency snake and the common float did not suffice for dealing with currency speculation, they greatly reduced the consequences of such speculation for trade within the Community. At the same time, the awareness of the need for common policy grew as well.

**Political Cooperation**

As one would expect, differing views came up as well in discussing the issue of “progress in the area of political unity.” The most ambitious plan came from the Italian government, having been prepared under the leadership of Foreign Minister Aldo Moro. His memorandum of 25 February 1970 envisioned nothing less than the incremental construction of a Political Community following the model of the Economic Community. It was explicitly to include the areas of defense and justice, which was new for the Italian position. In a first phase, there were to be at least quarterly meetings of the relevant expert ministers and the establishment of a secretariat; during a second phase beginning in 1975, there was to be an incremental combining of responsibilities. In a third phase after 1980, the existing Communities were to fuse into a kind of federal state, with the common Commission of the Political Community and the Economic Community as a federal government and the Council of Ministers exercising the presidential function.78

Belgian Foreign Minister Pierre Harmel and his government appealed likewise for the inclusion of defense policy and justice, possibly also education and strong common structures. Harmel also proposed that the agreement to be worked out by July of 1970 immediately be presented to the candidate countries so that they could adhere to it as well. On 21 January, a memorandum from Bonn warned against “burdening the entry negotiations at the beginning with the contentious issue of whether the final phase would have a supranational or a federalist character.” In concrete terms, this document only proposed for the time being annual meetings of the heads of state and of government as well as annual

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meetings of the foreign ministers (on a different time schedule). The Commission and the Parliament were to be brought into the consultations. Although the paper did emphasize the necessity of common positions reflecting solidarity in foreign policy, the area of defense was not mentioned at all.

At a gathering on 6 March in Brussels, the foreign ministers ordered their Political Directors to sound out the possibilities of finding a common denominator on the issue of political unification. Chairman of the committee was the Belgian Étienne Davignon, who had previously worked out the passage on political unity in the communiqué of The Hague summit along with Brandt’s state secretary, Egon Bahr. When the committee came together on 14 April, the French side finally presented a paper that was significantly more reserved than the West German one. Instead of political Community, it only discussed cooperation on foreign policy, and there was explicit emphasis that the realm of defense should remain outside. The decision-making freedom of the participating governments was not to be diminished, and cooperation with the institutions of the Community was to be kept to a minimum. Pompidou was evidently not eager to take up the old debate about the Europeans’ relationship to the US. “I don’t believe in Political Europe,” he explained to his foreign office state secretary, “at least not at the present time. Perhaps there’ll come a day, 1980 or later. But I doubt that very much too.”

The compromise on which first the Political Directors and then the foreign ministers agreed in several stages up to 20 July followed more or less the line set forth by Bonn. The pledge made by the governments was initially limited to efforts to seek harmonization in “all important issues of foreign policy.” This was to be achieved through meetings of the foreign ministers every six months and of the “Political Committee” four times a year, and more often at the request of the chairman. The chairmanship was to be held by the rotating Council chairman. The Commission “will be invited to make known its view,” though only if the work of the Ministers should “affect the activities of the European Communities.” The European Parliament was to participate as well, though only in the form of a “colloquium” with the members of its Foreign Affairs Committee, which was to take place twice a year. The issue of creating a secretariat remained open because France rejected the link with the Commission that the others wanted. At the same time, however, it was decided to produce in not more than two years another report that would contain proposals for the further development of political cooperation.

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Regarding the level and area of activity of this “European Political Cooperation” (EPC), all of this was less than what had been capable of gaining a consensus during the negotiations on the Fouchet Plans. Yet, it was also the beginning of genuine cooperation on foreign policy. The report was officially adopted on 27 October 1970 after approval by the heads of state and of government. This beginning was open-ended. The advocates of greater integration were betting that progress would be possible right away on both the political realms included and on decision-making mechanisms. Joseph Luns commented that, given the meager result of all the hard work put into this initiative, “we need to get to work now.”

Right away, in fact, Harmel attempted to make a common security and defense policy appetizing to his French colleague Schumann by citing the strengthening of the international position of the Federal Republic after the conclusion of the Treaty of Moscow on 12 August 1970. He also called attention to tendencies toward an understanding between the US and USSR on arms limitation as well as demands from the American public to reduce the American troop presence in Europe. The Federal Republic held the Council presidency in the second half of 1970, and Scheel made use of the fact in order to promote rapid implementation of the decisions on political cooperation rapidly, to push through the regular notification of the ambassadors of member states in third countries and international organizations about decisions of the foreign ministers, and to institutionalize timely communication with candidates for entry. Right at their first gathering on 19 November 1970, the foreign ministers agreed to work out common positions on the issues of a peace settlement in the Middle East and the planned Conference on Security and Cooperation in Europe (CSCE). With reference to the increasing significance of EPC, Scheel requested an improvement in its structure a year later: more frequent meetings, greater focus on the Community, and the establishment of a permanent secretariat, which had not yet been done.

Pompidou felt that he had been put on the defensive. At a press conference in January of 1971, he found it necessary to express support for the goal of a political Europe and a common foreign policy, with which Europe could once again play an autonomous role in world affairs. In regard to institutional possibilities,

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he cited the formation of a “European government.” As soon as it was constituted, the Parliamentary Assembly was to be further developed into a genuine European Parliament. All this was in any event clearly a vision for the “distant future,” as he admitted to Brandt. For the present, the insistence on the priority of national governments and the necessity of unanimity in their decision-making were more important. In February of 1972, Pompidou conceded the establishment of a “light” secretariat for EPC. With an eye toward traditional Gaullists, however, he insisted that this body must have its seat in Paris. Given that Brandt—supported by the smaller partners and also by Heath—persisted in the view that the seat must be in Brussels so as to promote the integration of political cooperation into the development of the Community, no agreement was reached at that time. In September of 1972, the issue of the EPC secretariat was once again tabled.

Likewise, Pompidou rejected attempts by the Dutch, Belgian, and Italian governments to put the issues of strengthening Community organs and direct election of the European Parliament on the agenda of the upcoming Paris summit. Since November of 1970, Brandt had been pushing for this new summit in order to make substantial advances on the issue of deepening that had been earlier decided in The Hague. When after several delays the French president finally issued the invitations in September of 1972, no wide-ranging decisions on institutional matters were consequently to be expected. Pompidou surprised the summit participants, among them for the first time representatives of the new member states, shortly before the opening on 19 October with a personal draft of a concluding declaration in which the Nine were to proclaim their “intention to transform the totality of their relations into a European Union before the end of this decade.” Asked by Luxembourg Foreign Minister Gaston Thorn what that was to be, the French president said that he himself did not know; the concept was however suited to bridge the gap between “my party colleagues” and the advocates of integration.

That was exactly its function. Pompidou had sought to emancipate himself from the traditional Gaullists by means of a referendum on his European policy, but it had failed due to low participation: Only sixty percent of eligible voters had turned out for the 21 April vote. After that, he had only one possibility—to leave the issue of the institutional configuration of the Community open. The summit could thus only decide in general terms “that the decision-making process and the functioning of the organs must be improved in order increase their effectiveness.”

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As to the “how,” the organs of the Community were supposed to draft a report by the end of 1975; and a future summit would decide on it. In concrete terms, only the doubling of the number of foreign minister meetings within the framework of EPC was decided on: They were now to occur four times a year rather than two.86

Only after French parliamentary elections on 4 and 11 March 1973 did Pompidou find himself ready for clearer engagement on behalf of a political Europe capable of taking action. The elections had inflicted significant losses on the Gaullists while at the same time confirming the government’s majority. This enabled Pompidou to dismiss Debré and to fill the government more completely with men in whom he had confidence—among them Jobert, who became foreign minister after Schumann’s failure to win re-election. Without having to worry about any more impediments from the traditional Gaullists, he could now yield to pressure from Heath for nuclear cooperation: At a new meeting with the British prime minister on 23 May, it was agreed that there should be expert consultations on the development of the next generation of medium-range missiles; as early as 1975, this initiative was possibly to lead to “something common among Europeans.”87 In a speech to the National Assembly on 19 June, Jobert challenged the partners to consider an autonomous European defense.

The resumption of de Gaulle’s plans for a Europe autonomous in defense policy was promoted by an initiative from Henry Kissinger, who was actually aiming at the exact opposite: In a speech before journalists in New York on 23 April, Nixon’s national security advisor called for the development of a “new Atlantic Charter” by which 1973 was supposed to become the “Year of Europe”; Kissinger was seeking to firm up again the relations between the US and its European allies and also to put a stop to isolationist tendencies in American society. Given that he called for stronger European participation in common security measures and at the same time very maladroitly distinguished between the global interests of the US and the merely regional interests of Europe, the initiative was widely perceived on the other side of the Atlantic as an attempt to get the Europeans to bear higher costs for the American security guarantee without conceding them greater influence. That promoted understanding for French efforts on behalf of European autonomy, and this new openness to the idea promoted in turn the willingness of Pompidou to pay the necessary price for it.

The understanding on a political Europe also capable of acting in matters of defense came all the easier because Heath—with his assurances to Pompidou about interpreting the Luxembourg Agreements along French lines—had by no means given up this orientation. John Hunt, head of the Europe Department, remembered in July of 1973 that “we joined to give our industry the stimulus and opportunities of a vastly greater market, to secure our security (particularly by anchoring Germany in the West) and to develop the Community into a political entity.” For all that, a “qualitative leap” would one day be necessary: “when a sufficient degree of sovereignty is passed over to a central authority to make it a point of no return.” Thus, much to Kissinger’s surprise, Jobert had Heath to a great extent on his side in his demand that American ambitions be countered.

After an EPC meeting of the foreign ministers on 5 June had not resulted in much, the second report on EPC was passed on 23 July. Beyond a doubling of the foreign minister meetings and an expansion of the gatherings of the Political Committee, this document also contained a pledge not to decide on foreign policy issues touching on the interests of the Community without prior consultation among the partners. Additionally, mechanisms were established for closer coordination of EPC activities with the Commission and the Parliament. The participation of the ambassadors of third countries, already being done in practice, was institutionalized. At the same time, it was agreed that a common European standpoint would be worked out before the conversation with the Nixon administration on a possible joint declaration. Lastly, the Nine also agreed to Heath’s proposal to prepare an additional declaration of their own on “European identity.”

In preparing the common position, Jobert and Heath worked closely together. Efforts by Brandt to resolve the differences between the Europeans and the Americans by means of dialogue came to naught. At the next meeting (on 10 and 11 September), the foreign ministers approved a draft declaration with which Washington was to acknowledge explicitly the political autonomy of the Europeans: The United States “welcome the intention of the nine that the Community establishes its position in world affairs as a distinct entity.” Little was said about contentious issues involving trade or currency policy, on which the US was then demanding concessions; on security issues, a separate declaration was proposed.

for passage by the NATO Council. In this way, it was hoped that maintaining the American presence in Europe would not need to be paid for with greater concessions on trade policy and other financial issues.

This was not at all what Kissinger had in mind. He reacted with a counter-proposal stressing the necessity of close cooperation between the Community and the US and calling for intensive consultations on policy toward the East Bloc. Negotiations on the contrasting drafts were carried on between the Political Directors of the Nine and representatives of the US State Department, but the distance between the viewpoints was not reduced. There was only agreement in a formal sense about issuing a declaration on Euro-American relations as well as a NATO declaration. After the Nine had come together on 6 November on a declaration regarding peace in the Middle East, one that differed markedly from the pro-Israeli attitude of the US in the Yom Kippur War, Kissinger largely lost interest in the declarations and in a European visit by Nixon that would have including the signing of the documents. In January of 1974, Kissinger admitted to Douglas-Home that they would not mean much.91

While the Nine were wrestling with a redefinition of relations to the US, two other initiatives were aiming at a rapid expansion of their political cooperation: First of all, Brandt took up Jobert’s call for talks on an autonomous European defense. In a conversation with Pompidou on 21 June, the chancellor pressed for concrete results as soon as possible in this area. The head of the Political Department of the West German Foreign Office, Günther van Well, published a policy article in which he embraced the goal of an “autonomous role and responsibility for the European Union” in foreign and defense policy as well. In a conversation with Jobert, Scheel explained that this Political Union should also include defense components by 1980. In the longer term, Europe ought to “free itself from this ‘indissoluble’ dependence” on the US.92

In early September, Jean Monnet then urged Pompidou, Heath, and Brandt to accelerate the process of constructing the Political Union by having the heads of state and of government of the Nine constitute a “Provisional European Govern-

92 AN, 5AG 2, 1012.
ment.” Going forward, they would then hold confidential consultations at least three times a year in order to oversee the fulfillment of the program of the Paris summit. “Insofar as it is necessary and after consultation with the president of the Council and the Commission of the European Communities,” they should develop “instructions for ministers” that “represent the member states in the Council of the European Communities.” This was meant to overcome the logjam in decision-making in the Council’s intergovernmental negotiations. Additionally, Monnet immediately prescribed that the heads of state and of government should commit themselves to the creation of a “European government and a European assembly based on general elections.”

The two initiatives conducted to different extents. Jobert and Pompidou reacted evasively to Brandt’s foray. Jobert wanted to discuss the defense policy problematic primarily within the framework of the WEU, to which obviously neither Denmark nor Ireland belonged. When West German Defense Minister Georg Leber—clearly not having coordinated with Brandt and Scheel in a significant way—encouraged France to join NATO’s “Eurogroup,” Pompidou decided to shelve the issue for the time being. The idea of a “Provisional European Government” was embraced by Jobert without reservation. Conversely, Pompidou—to whom the broader prospect of establishing a European government with a Parliament had not been presented at all—initially signaled only guardedly his approval for “not all too frequent but regular” consultations on political cooperation “in the circle of those responsible at the highest level.” Only after Brandt and Heath had assured him of their support did he officially propose to the partners on 31 October that there be regular summits; at the same time, he urged that the first such meeting be held before year’s end.

The Dutch government as well as the European Parliament and the Commission opposed the idea of a “Supreme Council of the Community,” as Heath wanted to dub the new institution. They all feared that the Commission would lose its initiative function and that the Council would no longer make any decisions at all. Furthermore, given the form in which Pompidou had made the proposal, it was not clear whether the new entity would not once again steer things in the direction of a strict separation between Political Cooperation and the Community. Thus, at the summit in Copenhagen on 14 and 15 December 1973, it was only decided that the heads of state and of government would in the future “meet more

94 In conversation with Scheel, 7 Nov. 1973, AN, 5AG2, 1012.
often” if the process of European unity or international crisis situations necessitated it; in any event, these meetings were not to hamper the work of the Community organs. More specifics were to be determined in the second half of 1974.96

In terms of content, the summit was only able to pass the “Document on the European Identity” that the foreign ministers and the EPC Political Committee had been working on since the summer. This declaration characterized “the principles of representative democracy, of the rule of law, of social justice, and of respect for human rights” as “fundamental elements of the European Identity.” It emphasized the necessity “that Europe must unite and speak increasingly with one voice” and affirmed the goal of a European Union “before the end of the present decade.” On the volatile issue of a European defense, it stated only that Europe must possess “adequate means of defence”; at the urging of the Federal Republic, the continuation of a “constructive dialogue” with the United States was also included.97

In essence, the Copenhagen summit therefore only repeated the vague formulations on which agreement had been reached in Paris more than a year earlier. This result made all the less of an impression given the reaction of the heads of state and of government to the challenge by the OPEC cartel, one that painfully belied the unity that had so recently been proclaimed. Whereas the Federal Republic pushed for short-term measures benefitting the Netherlands above all, which had been affected by the oil embargo especially severely, France and Britain rejected common action and instead negotiated individually with Arab leaders. At the same time, Jobert and Pompidou once again appealed for the development of a Common Market for oil. Considering the newly discovered oil fields in the North Sea, Heath would only agree to that if the planned Regional Fund of the Community were given substantial resources. That was rejected by the Federal Republic at the Council of Ministers meeting following the summit, so both the funding of the Currency Reserve Fund and the project for a common energy policy remained in limbo.

Crisis and New Beginning

Meanwhile, another initiative by Kissinger led to serious strains in Political Cooperation. In a speech on 12 December 1973, that is, shortly before the Copenhagen summit, the American official had called for the creation of an action group comprised of the most important industrial nations dependent on oil imports. Jobert and Pompidou correctly saw this as an attempt to push American hegemony in the Atlantic world by focusing on then-current worries of Western Europeans about oil supplies. At the same time, this American initiative endangered the French ambition to have Europe become an autonomous actor in this now-urgent field, an actor that could also work against polarization between industrial countries and oil-exporting countries.

In order to avoid the confrontation looming here, Heath urged that the summit examine the issue of cooperation among importing countries within the framework of the OECD. All the EC partners were able to agree on this, and in an attachment to the Copenhagen communiqué, such an action was characterized as “useful.” When on 9 January 1974 Nixon nevertheless invited the Western oil importers to a conference, the EC Council of Ministers did in principle agree to participate, but Commission President Ortoli and Council President Scheel were given a restrictive mandate for the gathering: They were not to agree either to the establishment of a permanent organization of importer nations or to any other decisions that could make dialogue with oil-exporting nations more difficult. Additionally, Pompidou made it publicly clear to the US president that France was accepting the invitation only “in order to allow Europe to assert a common position.”

When the energy conference convened on 11 February in Washington, the American leadership overtly threatened the Europeans with a break. In a conversation beforehand, Kissinger told Scheel that the US could live without the Europeans but that the Europeans could hardly live without their most powerful ally. At the dinner table after the first day of the conference, Nixon reminded his guests of demands for the withdrawal of American troops that repeatedly came from the US Congress. Given that the West German government was represented by Helmut Schmidt, who regarded the chances for achieving a political Europe much more skeptically than did Brandt and Scheel, these threats sufficed to cause the collapse of the hard-wrought common front of the Nine. It was anyway the case that Heath and Brandt had only half-heartedly agreed to join that front, given their belief that they were dependent on the US for containing the explosion

in oil prices and attempting to deal with their consequences. Schmidt warned of a collapse of the balance of power in Europe if US troops were withdrawn; this also convinced the smaller allies to accede to a great extent to the American demand for the establishment of a coordination group as well as for common preparation for a conference with the oil-exporting countries. On 13 February, a communiqué to that effect was signed by eight of the nine EPC representatives. There was nothing left for Jobert to do but withhold his approval of the procedural portions of the document. In a press conference, he complained that Schmidt had opted for the US and thereby against Europe.

Kissinger’s triumph was short lived, however. Three weeks later, at an EPC foreign ministers meeting on 4 March, the Eight decided to embrace not only the US plan for establishing a joint front of importing states but also the French concept of an Arab-European dialogue. This envisioned the formation of joint working groups of the Nine and of all nineteen member states of the Arab League, which would aim for a joint foreign ministers conference. Kissinger viewed such a gathering as highly damaging to his own crisis management in the Middle East; in the European plans, he had been taken into account only insofar as the date of the proposed gathering was left open and its occurrence made dependent on productive results from the working groups. This did not prevent Kissinger from asserting that “whatever was achieved in Washington is more than undone by this decision.”

In a television interview on 15 March, Nixon made a public threat, saying that the Europeans could not have both protection and confrontation at the same time.

In reality, Kissinger was not as far from success as he thought during his initial bout of frustration. True, American threats did not dissuade the Europeans from their project for a Euro-Arab dialogue. Yet, the Europeans were harboring increasing doubts as to whether the goal of an autonomous Europe, which had generated excitement in the second half of 1973, was actually achievable. In a session of his party caucus, Brandt came to the conclusion that he had to “go a bit further with America due to security” than with France; and in a conversation with Kissinger, Scheel explicitly distanced himself from the goal of an “independent European security system.”

Pompidou, who perceived this at least in the atmosphere, concentrated once again wholly on the national components of his independence policy. In a conversation with Leonid Brezhnev during a state visit to Moscow on 13 March, the Frenchman refused to conceal the tensions among

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100 SPD caucus session, 12 March 1974; conversation between Scheel and Kissinger, 24 March 1974, quoted in Hiepel, Brandt und Pompidou, pp. 311 and 315, respectively.
the Nine with “what only appears to be development of European integration” and declared a common defense with nuclear components to be obsolete.101

The project for a political Europe received another blow when Edward Heath was defeated at the polls. Whereas Harold Wilson had been wholly engaged in trying somehow to maintain the balance between a party majority hostile to Europe and British commitments stemming from treaty obligations, Foreign Minister Callaghan roundly rejected the Political Union as well as the economic and currency union due to vague fears of foreign control from “Brussels.” After his initial experiences with the pragmatic coordination within EPC, he soon gave his approval to it; yet, regarding its further development into a common foreign policy, he persistently made reference to contrasting national interests and perceptions. A European Union was “unrealistic” and “not desired,” as he declared during his first appearance in the EC Council of Ministers on 1 April 1974; and the project of a currency union was “dangerously overambitious.”102

Without foreign-policy experience and demonstratively turning away from Heath’s emphasis on European autonomy, Callaghan moreover believed that he could once again make the “special relationship” with the US the cornerstone of British foreign policy. The West German government sought to establish a consultation mechanism between EPC and Washington, which was intended to defuse the conflict that Kissinger had forced; but Callaghan for his part insisted on absolute freedom of action in British policy toward the US. In a crisis meeting at Schloss Gymnich near Bonn on 20 and 21 April, the foreign ministers were thus only able to approve rules for such a mechanism, ones that opened up possibilities for blocking EPC. Whereas Scheel had proposed that the Council president could consult the American government at a member’s request after the Political Committee had already arrived at a common position, the adopted rules allowed member governments to demand a consultation “of an allied or friendly state” at any time.103 If the partners did not support the demand, then discussion of the issue at hand was in practical terms at an end.

Moreover, Callaghan’s aversion to the Political Union offered Kissinger an unexpected opportunity to bring the conflict over the European-American declarations to an end that coincided with his own views after all. Encouraged by Kissinger, the British prime minister had gotten initial agreement from his EC partners at Gymnich for a NATO declaration on the occasion of the twenty-fifth

101 AN, 5AG2, 1019; excerpts published in Roussel, Pompidou, pp. 617–623.
103 Only after further negotiations was it written down in a non-paper of the West German Council presidency that was acknowledged by the foreign ministers on 10 June 1974, AAPD 1974 I, p. 717.
anniversary of the alliance, an initiative that was supposed to be independent of the policy statements that had not yet been made. When Callaghan presented the draft of such a declaration in the NATO Council on 15 June, it was so comprehensive that it could *de facto* replace the policy statements. The Eight reacted to the fact that the European Union was not mentioned at all in the document. Finally, Schmidt and Giscard d’Estaing were satisfied with a formulation stating “that further progress towards unity, which the member states of the European Community are determined to make, should in due course have a beneficial effect on the contribution to the common defense of the Alliance.” In this form, the “Atlantic Declaration” was passed by the NATO foreign ministers in Ottawa on 19 June, together with a pledge “to strengthen the practice of frank and timely consultations.”  

The Ottawa Declaration did not constitute a pledge by the Europeans to stronger incorporation into the American strategy as Kissinger had envisioned. Still less did it speak of an autonomous role for the Europeans in international politics, as not only Pompidou and Jobert but also Heath and Brandt had sought. As was the case with the new chancellor, the new French president also viewed securing American cooperation in dealing with the acute economic crisis more important than rapid progress on the road to European autonomy. Given that the Ottawa Declaration included a commitment by the US to maintain troop levels high enough so as not to endanger the credibility of allied deterrence, the project for an autonomous European defense became less urgent once again.  

Moreover, Callaghan’s campaign against any further development of the Community practically brought negotiations on the institutional configuration of the European Union to a halt. Consumed by its own crisis, the EPC Political Committee did not produce any paper at all on this. The Permanent Representatives of the Ministers to the Commission and an *ad hoc* group of high-ranking bureaucrats, to whom the Council of Ministers had in February assigned the task of working out a proposal, delivered nothing more than a nine-page catalogue of questions in the last week of June. Given the impossibility of agreeing on the substance of the European Union, it was nothing less than a stroke of luck that the summit planned for the end of the West German Council presidency had to be postponed due to the death of Pompidou and the resignation of Brandt. In a conversation with Gaston Thorn on 25 June, Wilson remarked that the concept of Union should be dropped and replaced by “some long German word like ‘Gemütlichkeit.'”  

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In any event, the efforts by Schmidt and Giscard to ensure good relations with the US did not change the fact that these new leaders of the Franco-German duo were interested in strengthening European identity as well. The two men knew one another from encounters in Monnet’s Action Committee, which Schmidt had joined as SPD parliamentary chairman in the era of the Grand Coalition. For both leaders, the awareness of the necessity of economic integration was for the time being at the center of their engagement in European politics; this did not however mean that concern for Europe’s ability to take action was foreign to them. In his government declaration of 17 May, Schmidt characterized the “goal of a European Political Union” as “more urgent than ever.” At a Franco-German summit on 9 July, Giscard declared his willingness to contribute to “a new stage in the construction of Europe.”

Both therefore responded positively when Monnet called for them to take “common action” in order to bring Europe out of the crisis and “inspire hope once again.” During a summer vacation, Schmidt worked out “a longish private paper on his conceptions of current Europe policy,” as he reported to Italian Prime Minister Mariano Rumor. Schmidt sent the document to Giscard with the request for a conversation and a proposal for “inviting the government leaders of the EC states to a long private dinner—without bureaucrats, only interpreters. If anything positive emerges from the private conversations, the foreign ministers and finance ministers can be asked to pursue those things further. If there is no agreement on this or that point and it remains unknown to the public, then no harm could come of it.”

In terms of content, Schmidt wanted increased coordination of EC activities by the Council of Foreign Ministers and their Permanent Representatives, the transition to majority decision-making in the Council, and the incorporation of EPC into the Council of Ministers. In a conversation on the evening of 2 September, he reminded Giscard of the need to develop a common viewpoint on arms control negotiations and strategic questions in general. He also urged the French president to participate in measures that the Eight and the US had embraced in conjunction with the Washington Energy Conference. For his part, Giscard insisted that there first of all must be a common energy-policy program among the Nine. He asked that consideration of the defense problematic be deferred because there

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was still a need for clarification about it in Paris. Regarding the incorporation of EPC into the work of the Foreign Ministers Council, he insisted on separate agendas and discussion in the absence of the Commission president. He wanted to concede majority decision-making in the Council of Ministers only for “individual areas to be incrementally expanded.” On the other hand, with encouragement from Monnet, Giscard appealed for resumption of the project of regular meetings of the heads of state and of government that had gotten derailed at the Copenhagen summit.

Schmidt and Giscard agreed that if there was a favorable response to the proposals from the other leaders, then the next summit should also be allowed to take place during France’s Council presidency; the appropriate decisions were to be dealt with there. During a dinner at the Élysée Palace on 14 September attended by the nine heads of state and of government as well as Commission President Ortoli, Giscard explained that the regular meetings (at least three and as many as four annually) would over time make the new organ the “highest instance” of the Community. As the representatives of the small states’ worried that the Commission would be rendered impotent, he offered direct elections and greater authority for Parliament; it was to receive control over the budget as well as initiative rights that were more binding in nature. In the Council of Ministers three days later, Foreign Minister Jean Sauvagnargues officially proposed the creation of the new organ. In so doing, he suggested that it be named “perhaps ‘European Council.’”

The concession on the issue of direct elections and parliamentary rights proved sufficient to ease the concerns of the smaller states this time. Wilson—who was clearly on the defensive among the heads of state and of government and who in the meantime had begun wholly concentrating on winning material concessions that could be presented to British voters as an argument for remaining in the Community—raised no fundamental objections. Neither did the Commission voice negative views any longer; by including the Commission in his preparations for the decision, Giscard had taken care to ensure that it would see the new entity as an opportunity rather than a danger to its own place in the decision-making process of the Community.

110 Monnet to Sauvagnargues, 1 July 1974, FJME, AMK C/H6.
The Paris summit of 9 and 10 December 1974 was thus able to approve the introduction of the European Council, albeit without officially giving it a name. There were to be three summits per year, and more if necessary; a further concession to the smaller states was that one of these meetings was to be held in Brussels or Luxembourg, the other two in the country of the half-yearly Council president. The Commission president was to participate and—something that Giscard had not originally envisioned—so too would the foreign ministers. The issue of a separate secretariat, which France and Britain wanted but the smaller states did not, was left open. The Council was to concern itself with foreign policy and all other questions of common interest; EPC was de facto integrated into the work of the Council of Ministers. Likewise, it was decided that the European Parliament would be directly elected starting in 1978; its areas of responsibility were to be expanded; and the practice of unanimous decision-making in the Council was to be dropped.

The British and Danish governments expressed reservations about the introduction of direct elections to Parliament in 1978, and these viewpoints were noted in the common concluding communiqué. Regarding the goal of a European Union, the offer of Belgian Prime Minister Leo Tindemans was accepted: to produce by the end of 1975 a “summary report” based on consultations with all governments, the Commission, the Parliament, as well as important political representatives in all member states. This spared the British government from having to take a position on the further development of the Communities before the completion of renegotiations; at the same time, this also prevented the issues of increased integration and unification from being shoved aside. The communiqué contained a commitment to a “complete conception of the European Union” as well as the strengthening of the goal of economic and currency union. Dates and deadlines earlier agreed upon were not explicitly repeated, however.112

Tindemans purposely left plenty of time for the production of the report. He did not visit Britain before the positive outcome of the referendum on 5 June 1975, and his sounding out of Denmark, France, Italy, and the Federal Republic occurred only after he had spoken to the British government as well as representatives of influential parties and organizations in the UK in late June and early July. In mid-November, Helmut Schmidt sought to accelerate the decision-making process by sending his Council colleagues and the Commission president a position paper that stemmed from consultations within the Bonn government. Schmidt hoped that the document could be discussed at the upcoming Council meeting in early December in Rome. After the British government had signaled its

unwillingness to take a position on institutional questions so early, the chancellor gave up the idea of discussing it in Rome. Tindemans then presented his report on 29 December in the form of a confidential letter to his colleagues on the Council. He had initially hoped that discussion of the document could be kept confidential until the next meeting of the Council in the spring of 1976. Then however he opted to present it to the public on 7 January 1976.\textsuperscript{113}

Tindemans’ report hovered a little above the level that in the meantime was capable of a consensus between Giscard d’Estaing and the West German government. The document spoke out clearly for “strengthening the common institutional apparatus” to the extent necessary, even by means of “adjusting the treaties.” Also, the difference between the meetings of the ministers on Political Cooperation and the meetings of the Council ought to be eliminated altogether; the currency snake ought to be transformed into an EC institution that “clearly bears the visible character of the Community.” Majority decision-making ought to be “the norm” in Community affairs and also in foreign policy areas in which the members had committed themselves to a common policy. Parliament ought to receive a genuine right of initiative as well as the right to confirm the appointment of the president of the Commission by the European Council. That official ought to be able to choose his own colleagues, though in accordance with the schedule of national distribution; also, the Commission ought to receive more executive authority.\textsuperscript{114}

Tindemans may have hoped to be able to get a majority of Council members to commit themselves more or less to this program due to the pressure of public opinion if nothing else. The participation of the Nine at the Conference on Security and Cooperation in Europe had been characterized by unity, solidarity, and deftness and had decisively contributed to its successful conclusion on 1 August 1975.\textsuperscript{115} This along with France’s return to the currency snake did give encouragement to go beyond consolidation of what had been achieved in the era of Brandt and Pompidou. Regarding possible progress on the way to an economic and currency union—seen by Tindemans as especially urgent—the report embraced the idea of a vanguard made up of a core group of the economically stronger member

\textsuperscript{113} Ibid., pp. 500–517; the memorandum of the West German government of 3 Nov. 1975 in AAPD 1975, pp. 1587–1595.


states, as Brandt had already proposed in November of 1974.\textsuperscript{116} It was clearly an open question as to whether the governments supportive of integration would take up this tactical possibility. Just as unclear was the extent to which the British and the Danish governments would be prepared to follow the majority on the way to more efficiency and more democracy in the European construction. In a conversation with Tindemans, Callaghan had indeed spoken as though he were leaning in that direction; however, his conceptions regarding institutional arrangements and the date of their introduction remained rather vague.

Jean Monnet took the establishment of the European Council and the determination that there would be direct elections to the European Parliament in the future as the occasion for dissolving the Action Committee for the United States of Europe on 9 May 1975. His advanced age—he would be celebrating his eighty-seventh birthday in November of 1975—undoubtedly contributed to this decision, but the primary reason was undeniable: Given that the “holders of the highest decision-making power in each state” were watching over the progress of European integration, it seemed to him that the committee “was now less necessary and less in a position to carry out a task that according to all the treaties was entrusted to the organs of the Community, the governments, and the new institutions.”\textsuperscript{117} He clearly was counting on the abilities of Giscard and Schmidt in the years ahead to fulfill the responsibilities growing out of that.


\textsuperscript{117} Monnet, \textit{Mémoires}, p. 606.