enough support from the citizens to enable it to flourish, and perhaps even to survive.

Subsequent chapters will try to show how far the development of the Community and the Union has reflected these different views. Meanwhile the reader should be warned: the authors consider that the need for effective and democratic government has moved the EC and the EU by steps and stages quite far in a federal direction and should, but by no means certainly will, continue to do so.

Chapter 2
How the EU was made

'Europe will not be made all at once, or according to a single, general plan. It will be built through concrete achievements, which first create a de facto solidarity.' With these words, the Schuman declaration accurately predicted the way in which the Community has become the Union of today. The institutions and powers have been developed step by step, following the confidence gained through the success of preceding steps, to deal with matters that appeared to be best handled by common action.

Subsequent chapters consider particular institutions and fields of competence in more detail. Here we see how interests and events combined to bring about the development as a whole. Some primary interests and motives were considered in the previous chapter: security, not just through military means but by establishing economic and political relationships; prosperity, with business and trade unions particularly interested; protection of the environment, with pressure from green parties and voluntary organizations, and with climate change a matter of increasingly general concern; and influence in external relations, to promote common interests in the wider world.

With the creation of the Community to serve such purposes, other interests came into play. Those who feared damage from certain aspects sought compensation through redistributive measures:

for France, the common agricultural policy to counterbalance German industrial advantage; the structural funds for countries with weaker economies, which feared they would lose from the single market; budgetary adjustments for the British and others with high net contributions. Some governments, parliaments, parties, and voluntary organizations have pressed for reforms aiming to make the institutions more effective and democratic. Against them have stood those who resist moves beyond intergovernmental decision-making, acting from a variety of motives: ideological commitment to the nation-state; a belief that democracy is feasible only within and not beyond it; mistrust of foreigners; and simple attachment to the status quo. Among them have been such historic figures as President de Gaulle and Prime Minister Thatcher, as well as a wide range of institutions and individuals, most prevalent among the British, Danes, Czechs, and Poles. Among the European institutions, it is the Council of Ministers that has come closest to this view.

Two of the most influential federalists, committed to the development of a European polity that would deal effectively with the common interests of the member states and their citizens, have been Jean Monnet and Jacques Delors. Both initiated major steps towards a federal aim. Altiero Spinelli represented a different kind of federalism, envisaging more radical moves towards a European constitution. The German, Italian, Belgian, and Dutch parliaments and governments have in varying degrees been institutionally federalist, as have the European Commission and Parliament, and, in so far as the treaties could be interpreted in that way, the Court of Justice. They have generally preferred Monnet's stepwise approach, although the Belgians, Italians, and European Parliament have espoused constitutional federalism.

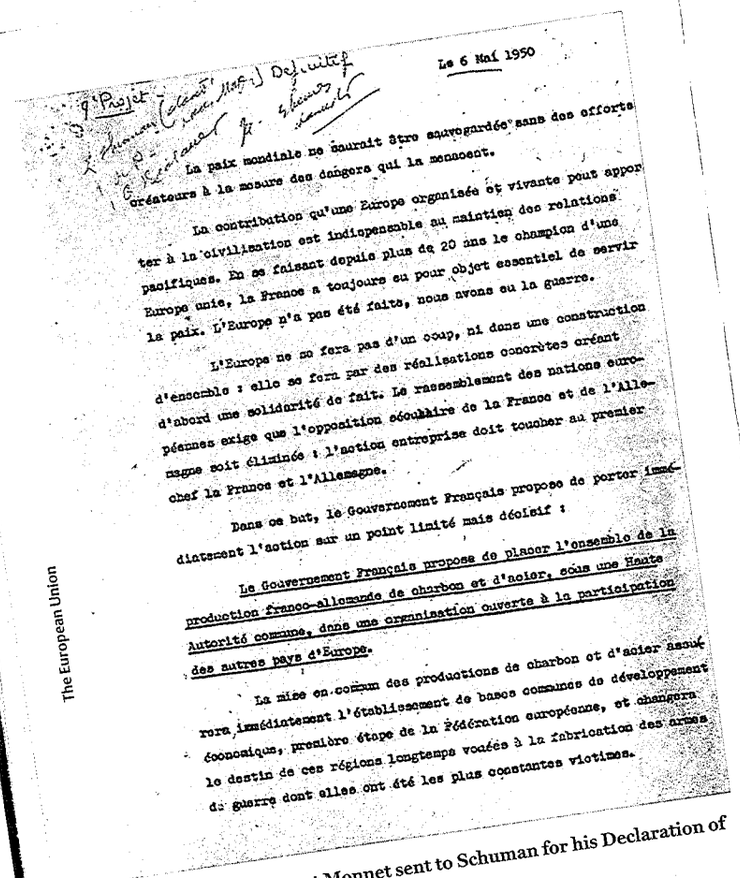
1950s: the founding treaties

Monnet was responsible for drafting the Schuman declaration, chaired the negotiations for the ECSC Treaty, and was the first

President of its High Authority. These two words reflected his insistence on a strong executive at the centre of the Community, stemming originally from his experience as Deputy Secretary General of the interwar League of Nations which convinced him of the weakness of an intergovernmental system. He was, however, persuaded that, for democratic member states, such a Community should be provided with a parliamentary assembly and a court – embryonic elements of a federal legislature and judiciary – and that there should be a council of ministers of the member states.

This structure has remained remarkably stable to this day, though the relationship between the institutions has changed: the Council, and in particular, since 1974, the European Council of government heads, has become the most powerful; the European Commission, while still very important, has lost ground to it;

2. Monnet (left) and Schuman (right)



Le 6 Mai 1950

La paix mondiale ne saurait être sauvegardée sans des efforts créateurs à la mesure des dangers qui la menacent.

La contribution qu'une Europe organisée et vivante peut apporter à la civilisation est indispensable au maintien des relations pacifiques. En se faisant depuis plus de 20 ans le champion d'une Europe unie, la France a toujours eu pour objet essentiel de servir la paix. L'Europe n'a pas été faite, nous avons eu la guerre.

L'Europe ne se fera pas d'un coup, ni dans une construction d'ensemble : elle se fera par des réalisations concrètes créant d'abord une solidarité de fait. Le rassemblement des nations européennes exige que l'opposition séculaire de la France et de l'Allemagne soit éliminée ; l'action entreprise doit toucher au premier chef la France et l'Allemagne.

Dans ce but, le Gouvernement Français propose de porter immédiatement l'action sur un point limité mais décisif :

Le Gouvernement Français propose de placer l'ensemble de la production franco-allemande de charbon et d'acier, sous une Haute Autorité commune, dans une organisation ouverte à la participation des autres pays d'Europe.

La mise en commun des productions de charbon et d'acier assurera immédiatement l'établissement de bases communes de développement économique, première étape de la Fédération européenne, et changera le destin de ces régions longtemps vouées à la fabrication des armes de guerre dont elles ont été les plus constantes victimes.

3. Page one of the text Monnet sent to Schuman for his Declaration of 9 May 1950

the European Parliament has gained in power; and the Court of Justice has established itself as the supreme judicial authority in matters of Community competence. Although they were later to accept these institutions, British governments of the 1950s felt them to be too federal for British participation.

The six member states, however, were minded to proceed further in that direction. The French government reacted to American insistence on German rearmament, following the impact of communist expansionism in both Europe and Korea, by proposing a European Defence Community with a European army. An EDC Treaty was signed by the six governments and ratified by four; but opposition grew in France and the Assemblée Nationale voted in 1954 to shelve it. The result was that the idea of a competence in the field of defence remained a no-go area until the 1990s.

While the collapse of the EDC was a severe setback, confidence in the Community as a framework for peaceful relations among the member states had grown; and there was a powerful political impulse to 'relaunch' its development. The Dutch were ready with a proposal for a general common market, for which the support of Belgium and Germany was soon forthcoming. The French, still markedly protectionist, were doubtful. But they held to the project of European unification built around Franco-German partnership and so accepted the common market which the Germans wanted, on condition that other French interests were satisfied: an atomic energy community in which France was equipped to play the leading part; the common agricultural policy; the association of colonial territories on favourable terms; and equal pay for women throughout the Community, without which French industry, already required by French law to pay it, would in some sectors have been at a competitive disadvantage. The Italians for their part, who had the weakest economy among the six, secured the European Investment Bank, the Social Fund, and free movement of labour. So all these elements were included in the two Rome Treaties, which established the European Economic Community (EEC) and European Atomic Energy Community (Euratom): an early example of a package deal, incorporating advantages for each member state, which has characterized many of the steps taken since then.

The Treaties

Rome wasn't built in a day; and the Treaties of Rome (in force in 1958) were a big building block in a long and complicated process that has constructed the present European Union. Other major treaties included the ECSC Treaty (in force 1952), Single European Act (1987), Maastricht (1993), Amsterdam Treaty (1999), Nice Treaty (2002).

A minor complication is that there were two Treaties of Rome (see below), but the EEC Treaty was so much more important than the Euratom Treaty that it is generally known as *the* Treaty of Rome.

A major complication is that the European Union was set up by the Maastricht Treaty, with two new 'pillars' for foreign policy and internal security alongside the European Community, which already had its own treaties. These have been consolidated in the EC Treaty (TEC), which continues to exist alongside the EU Treaty (TEU) though the EC is an integral part of the EU. So there are now two Treaties, closely linked and with common institutions, though the Court of Justice, the Commission, and the European Parliament play a more important role in the EC than in the other two pillars.

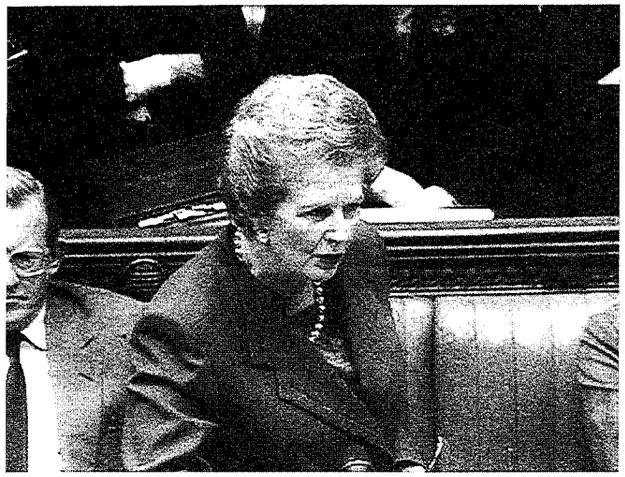
N.B. to avoid undue complexity, this book follows two principles in referring to the EC and EU:

- **European Community, Community, or EC is used regarding matters relating entirely to the time before the EU was established, or after that time if the EC's separate characteristics are relevant;**
- **European, Union, or EU in all other cases.**

The two new treaties entered into force on 1 January 1958. Euratom was sidelined by de Gaulle, who became President of France in the middle of that year and was determined to keep the French atomic sector national, in the service of French military power. But the EEC became the basis for the future development of the Community. Its institutions were similar to those of the ECSC, though with a somewhat less powerful executive, called Commission instead of High Authority; and the EEC was given a wide range of economic competences, including the power to establish a customs union with internal free trade and a common external tariff; policies for particular sectors, notably agriculture; and more general cooperation.

The first President of the Commission, Walter Hallstein, was a very able former professor of law and convinced federalist who, as a senior figure in Chancellor Adenauer's government, had been

4. De Gaulle says 'non' to Britain



5. Thatcher says 'no' to the single currency

Monnet's principal partner in negotiating the ECSC Treaty. He led the Commission into a flying start, with acceleration of the timetable for establishing the customs union; and within this framework the Community enjoyed notable economic success in the 1960s, with growth averaging some 5% a year, twice as fast as in Britain and the United States. But conflict between the emergent federal Community, as conceived by Monnet or Hallstein, and de Gaulle's fundamentalist commitment to the nation-state made that decade politically hazardous for the Community.

The 1960s: de Gaulle against the federalists

In June 1958, less than six months after the Rome Treaties came into force, de Gaulle became French President. He did not like the federal elements and aspirations of the Community. But nor

was he prepared to challenge directly treaties recently ratified by France. He sought, rather, to use the Community as a means to advance French power and leadership. One example was his sidelining of Euratom. Another was his veto which terminated in 1963 the first negotiations to enlarge the Community to include Britain, Denmark, Ireland, and Norway. Although the British government's conception of the Community was closer to that of de Gaulle than of the other, more federalist-minded member states' governments, and Britain's defence of its agricultural and Commonwealth interests had irked them by making the negotiations hard and long, they resented the unilateral and nationalist manner of the veto so deeply that it provoked the first political crisis within the Community. This was followed, in 1965, by a greater crisis over the arrangements for the common agricultural policy (CAP).

The CAP had from the outset been a key French interest and de Gaulle was determined to have it established without undue delay. It was to be based on price supports requiring substantial public expenditure. Both France and the Commission agreed that this should come from the budget of the Community, not the member states. But the Commission, with its federalist orientation, and the Dutch parliament, with its deep commitment to democratic principles, insisted that the budget spending must be subject to parliamentary control; and since a European budget could not be controlled by six separate parliaments, it would have to be done by the European Parliament. This suited the other governments well enough, but was anathema to de Gaulle. He precipitated the crisis of 'the empty chair', forbidding his ministers to attend meetings of the Council throughout the second half of 1965 and evoking fears among the other states that he might be preparing to destroy the Community.

Neither side was willing to give way and the episode concluded in January 1966 with the so-called 'Luxembourg compromise'.

The French government asserted a right of veto when interests 'very important to one or more member states' are at stake; and the other five affirmed their commitment to the treaty provision for qualified majority voting on certain questions, which was that very month due to come into effect for votes on a wide range of subjects. In practice de Gaulle's view prevailed for the next two decades, so that Luxembourg 'veto' seems a more accurate description than 'compromise'. In the mid-1980s, however, majority voting began to be practised in the context of the single market programme, and has now become the standard procedure applicable to most legislative decisions.

Despite these conflicts between the intergovernmental and the federal conceptions, the customs union was completed by July 1968, earlier than the treaty required. Its impact had already been felt not only internally but also in the Community's external relations. Wielding the common instrument of the external tariff, the Community was becoming, in the field of trade, a power comparable to the United States. President Kennedy had reacted by proposing multilateral negotiations for major tariff cuts. Skilfully led by the Commission, the Community responded positively; and the outcome was cuts averaging one-third, initiating an era in which it was to become the major force for international trade liberalization.

Alongside the ups and downs of Community politics, the Court of Justice made steady progress in establishing the rule of law. Based on its treaty obligation to ensure that 'the law is observed', in judgments in 1963 and 1964 the Court established the principles of the primacy and the direct effect of Community law, so that it would be consistently applied in all the member states. Though without the means of enforcement proper to a state, respect for the law, based on the treaties and on legislation enacted by its institutions, provided cement that has bound the Community together.

Widening and some deepening: Britain, Denmark, Ireland join

President de Gaulle resigned in 1969 and was replaced by Georges Pompidou. Nationalist fundamentalism as a basis for French policy gave way to pragmatic intergovernmentalism. Britain, Denmark, Ireland, and Norway still sought entry; France's partners supported it; and, instead of vetoing enlargement as de Gaulle had done, Pompidou consented, providing it was accompanied by conditions of interest to France: agreement on the financing of the CAP, as well as elements of 'deepening' such as monetary union and coordination of foreign policy. In addition to serving the French agricultural interest, these were intended to integrate Germany yet more firmly into the Community, as well as guard against the danger that widening the Community would weaken it.

France's partners favoured both widening and deepening. Germany's new Chancellor, the federalist Willy Brandt, played a leading part in a summit meeting of the six government heads in The Hague in December 1969. While he became famous for his Ostpolitik, relaxing tension with the Soviet bloc and with East Germany in particular, Brandt accompanied it with a Westpolitik for strengthening integration in the West. At The Hague he both promoted enlargement and proposed an economic and monetary union. This was agreed in principle, along with the other French conditions; and these projects were developed within the Community alongside the entry negotiations.

The principle of economic and monetary union was not, however, realized in practice until the 1990s. France, showing a preference for federal policy instruments rather than institutional reform, wanted a single currency. For Germany, this would have to be accompanied by coordination of economic policies, together with majority voting in the Council and powers for the European Parliament. But these were reforms too far for France in that early

post-gaullist period. The result was a system for cooperation on exchange rates that was too weak to survive the international currency turbulence of that period. The system devised for foreign policy cooperation, kept separate from the Community owing to French insistence on sovereignty in this field, was strictly intergovernmental. Though quite useful, its impact was limited. It was the hard financial interest of French agriculture that secured a solid outcome, in a financial regulation that was to be highly disadvantageous for the British, whose small but efficient farm sector differed from those of the six member states.

The financing of the CAP again raised the question of powers for the European Parliament, on which the Dutch, supported by Belgium, Germany, and Italy, continued to insist. Pompidou's reaction was to accept the principle that the European Parliament would share control of the budget with the Council, but to exclude as much as possible of the expenditure, including in particular that on agriculture. This was accepted, faute de mieux, by France's partners in an amending treaty in 1970; and the Parliament's role was enhanced in a second treaty in 1975, after Pompidou had been succeeded by the post-gaullist President Giscard d'Estaing. While this was just a foot in the door to budgetary powers for the Parliament, it was to grow into a major element in the Community's institutional structure.

Though agriculture and Commonwealth trade still presented difficulties and the British public appeared unconvinced, Prime Minister Heath established good relations with President Pompidou and drove the entry negotiations through to a successful conclusion. Britain, together with Denmark and Ireland, joined the Community in January 1973, though the Norwegians rejected accession in a referendum. The British too were to vote in a referendum in 1975. Harold Wilson had replaced Edward Heath as Prime Minister in 1974 following an election victory by the Labour Party, which was turning more

6. British entry: Heath signs the Treaty of Accession

and more against the Community. After a somewhat cosmetic 'renegotiation', the Wilson government did recommend continued membership; and in 1975 the voters approved it by a two-to-one majority. But Labour became increasingly hostile, to the point of campaigning in the 1983 elections for British withdrawal. Meanwhile Margaret Thatcher had become Prime Minister as a result of the Conservative election victory in 1979. While French post-gaullist governments were moving back towards support for earlier concepts of the Community, she was developing a stormy relationship with it, fighting to assert the principle of intergovernmentalism. Until 1984 she also fought to 'get our money back', as she put it, by blocking much Community business until she secured agreement to reduce Britain's high net contribution to the Community's budget.

In 1974 President Pompidou died and Valéry Giscard d'Estaing succeeded him. Although Giscard had been de Gaulle's Finance Minister, he was not of the gaullist tradition and wanted to mark his presidency with measures to develop the Community. Ambivalent about federalism, he acted to strengthen both the intergovernmental and the federal elements in the Community's institutions, with initiatives to convert the summits into regular meetings, as the European Council of Heads of State and Government, as well as to launch direct elections to the European Parliament.

Following consultation with Monnet, who had remained active until then as President of the Action Committee for the United States of Europe in which he had brought together the leaders of the democratic political parties and trade unions of the member states, Giscard successfully proposed both the European Council and the direct elections. The European Council was soon to play a central part in taking Community decisions, settling conflicts that ministers in the Council were unable to resolve, and agreeing on major package deals. Provision had already been made for direct elections in the treaties of the 1950s, subject to unanimous agreement in the Council, which had been unattainable while gaullists ruled France. But the governments now agreed and the first elections were held in June 1979. This step towards representative democracy was to have a big impact on the Community's future development.

That year of the first direct elections also saw a significant move towards monetary union. On becoming President of the Commission in 1977, Roy Jenkins, formerly a leading member of the Labour government, who without being explicitly federalist favoured steps in a federal direction, had looked for a way to 'move Europe forward' and concluded that the time was ripe to revive the idea of monetary union. This was taken up by the German Chancellor, Helmut Schmidt, who saw it as a way to spread the burden of a difficult relationship with the US that resulted from

the weakness of the dollar and the strength of the mark, and who was also influenced by Monnet's ideas. Schmidt and Giscard had forged a close relationship as Finance Ministers before becoming Chancellor and President in 1974; and they readily agreed on a proposal for a European Monetary System (EMS), with a strong mechanism for mutual exchange rate stability, and a European Currency Unit (ecu) to perform some technical functions. This was accepted by all save the British government, in the context of the Labour Party's growing hostility to the Community. So all but one of the member states participated in the EMS when it was created in 1979, alongside the Community rather than within it: an example of a recurrent pattern, with a number of states proceeding together while Britain, sometimes with one or two others, stands aside – usually deciding eventually to participate.

Single market, Draft Treaty on European Union, southern enlargement

Jacques Delors became President of the Commission in January 1985. He had visited each member state to find out what major project was likely to be accepted by all of them. As a federalist in Monnet's tradition, his short-list contained projects – single market, single currency, common defence policy, institutional reform – that could be seen as steps in a federal direction. But Thatcher, whose view of federalism was akin to de Gaulle's, and so was hostile to the currency, defence, and institutional projects, was at the same time a militant economic liberal who saw the single market as an important measure of trade liberalization. European economies had lost momentum during the hard times of the 1970s and all the governments accepted the single market project as a way to break out of what was then called eurosclerosis. The project was strongly backed by the more dynamic firms and the main business associations.

The common market as conceived by the EEC Treaty was in effect a single internal market. But while the treaty had specified the

The European Union

7. Delors: single market, single currency, single-minded European

programme for abolishing tariffs and quotas, which had thus been successfully accomplished, it had provided for unanimous voting in the Council on most of the legislation required to remove non-tariff barriers; and the effect of the Luxembourg 'compromise' had been to apply this veto under another name to the rest. The result was scant progress towards their removal, while a resurgence of protectionist pressures during the 1970s, combined with the increasing complexity of the modern economy, had made them a severe impediment to trade.

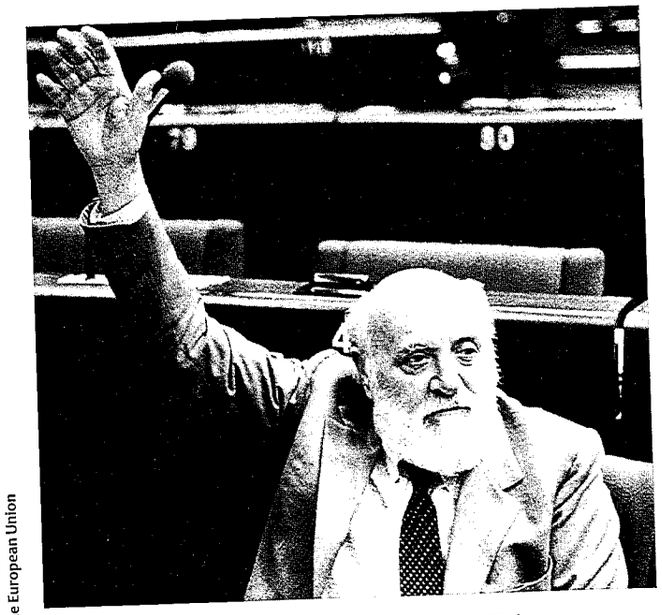
The successful abolition of tariffs on internal trade had demonstrated the value of a programme with a timetable. So the Commission produced a list of some 300 measures to be enacted by the end of 1992 in order to complete the single market by

removing the non-tariff barriers. The Commissioner in charge of the project was Lord Cockfield, a former minister in the Thatcher government; and the programme was rapidly drafted in time to be presented to the European Council in Milan in June 1985.

Meanwhile the European Parliament had prepared a political project: a Draft Treaty on European Union, inspired by Altiero Spinelli, the leading figure among those federalists who saw the drafting of a constitution as the royal road to federation. He had pursued this idea since the 1950s and now saw the directly elected Members of the European Parliament (MEPs), of whom he was one, as qualified to draft it. He inspired fellow MEPs to support the project, led the process of drafting, and the Parliament approved the result by a big majority of votes.

The Draft Treaty was designed to reform the Community's institutions so as to give them a federal character; to extend its powers to include most of those that would be normal in a federation, with the key exception of defence; and to come into effect when ratified by a majority of the member states containing at least two-thirds of the Community's population, with suitable arrangements to be negotiated with any states that did not ratify. While there was widespread support for the draft in most of the founder states, the German government was among those that were not prepared to countenance the probable exclusion of Britain. President Mitterrand did, however, express support for the draft, albeit in somewhat equivocal terms; and its main proposals were presented to the European Council in Milan along with the Commission's single market project.

The European Council decided to convene an Intergovernmental Conference (IGC) on treaty amendment, overriding British, Danish, and Greek opposition with its first-ever use of a majority vote. The IGC considered amendments relating not only to the single market programme but also to a number of the proposals in the Parliament's Draft Treaty. The outcome



8. Spinelli voting for his Draft Treaty on European Union

was the Single European Act, which provided for completion of the single market by 1992; gave the Community competences in the fields of the environment, technological research and development, social policies relating to employment, and 'cohesion'; and brought the foreign policy cooperation into the scope of the EEC Treaty – hence the title Single European Act, to distinguish it from a proposal to keep foreign policy separate. The Single Act also provided for qualified majority voting in a number of areas of single market legislation, and strengthened the European Parliament through a 'cooperation procedure' which gave it influence over such legislation, together with a procedure requiring its assent to treaties of association and accession.

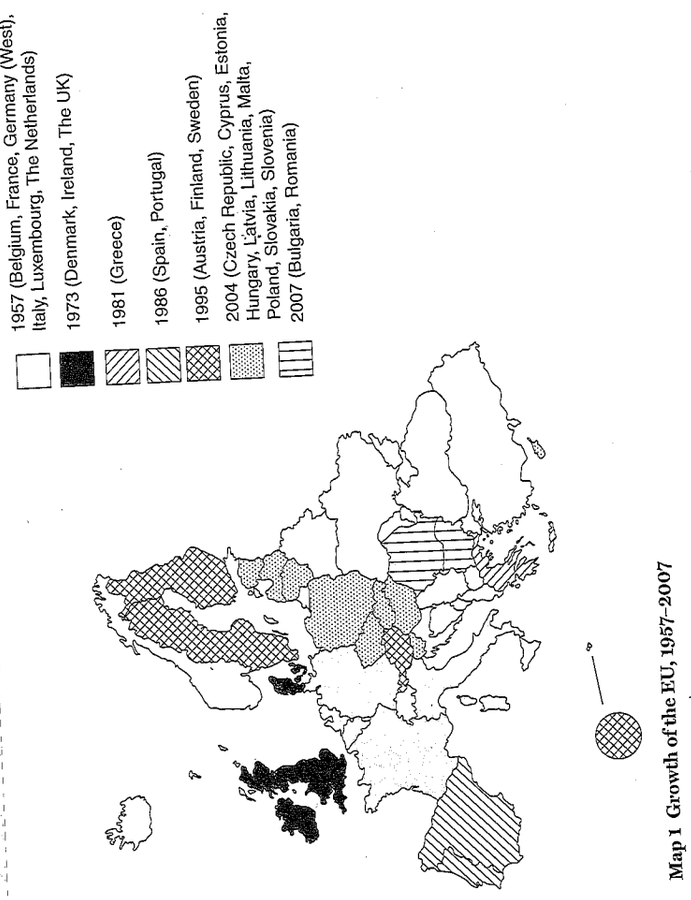
The Community was enlarged in 1981 to include Greece and, in 1986, Portugal and Spain. All three had been ruled by authoritarian regimes and saw the Community as a support for their democracies as well as for economic modernization. The Community for its part wanted them to be viable member states and to be supportive of its projects, such as the single market. It was to this end that the cohesion policy, based on a doubling of the structural funds for assisting the development of economically weaker regions, was included in the Single Act.

Thus the Single Act strengthened both the Community's powers and its institutions, with influence from a combination of governments, economic interests, social concerns, the Commission, the Parliament, and a variety of federalist forces. It was succeeded by the Maastricht, Amsterdam, and Nice Treaties, likewise strengthening both powers and institutions, and responding to similar combinations of pressures. This would not have happened had the Single Act not been successful. But the prospect of the single market helped to revive the economy, and the Community institutions gained in strength as they dealt with the vast programme of legislation.

Spinelli died a few weeks after the signing of the Single Act under the impression that it was a failure: 'a dead mouse', as he put it. In fact it initiated a relaunching of the Community which may have been as far-reaching in its effects as that which led to the Treaties of Rome.

Maastricht and Amsterdam Treaties, enlargement from 12 to 15

Following his success with the single market, Delors was determined to pursue the project of the single currency. Thatcher had not been alone in opposing it. Most Germans, proud of the deutschmark as the Community's strongest currency, were decidedly unenthusiastic. But it remained a major French

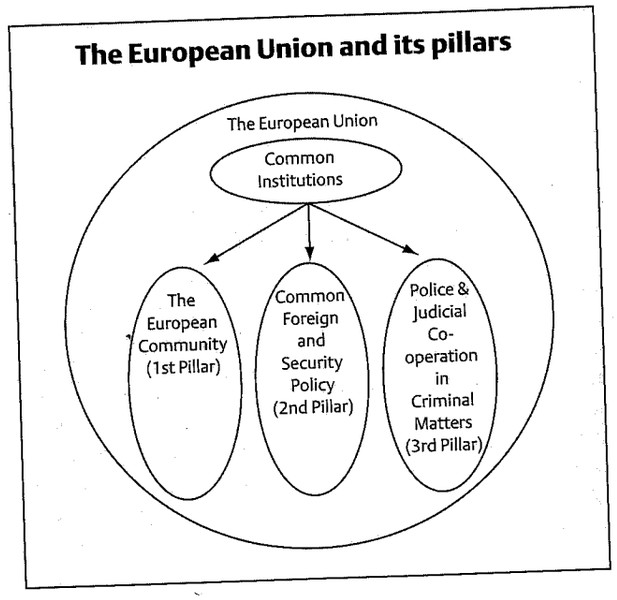


Map 1 Growth of the EU, 1957–2007

objective, for economic as well as political reasons; and Helmut Kohl, a long-standing federalist, held that it would be a crucial step towards a federal Europe. While he facilitated the preparation of plans for the single currency, however, he faced difficulty in securing the necessary support in Germany.

The events of 1989 were a seismic upheaval. With the disintegration of the Soviet bloc, which opened up the prospect of enlarging the Community to the East, German unification also became possible. But Kohl needed Mitterrand's support: both for formal reasons because France, as an occupying power, had the right to veto German unification; and, pursuing the policy initiated by Brandt, to ensure that new eastern relationships did not undermine the European Community and the Franco-German partnership. Mitterrand saw the single currency as the way to anchor Germany irrevocably in the Community system, and hence as a condition for German unification; and this ensured for Kohl the necessary support in Germany to proceed with the project.

The result was the Maastricht Treaty, which provided not only for the euro and the European Central Bank but also for other competences and institutional reforms. The Community was given some powers in the fields of education, youth, culture, and public health. Its institutions were strengthened in a number of ways, including more scope for qualified majority voting in the Council. The role of the European Parliament was enhanced through a 'co-decision' procedure that required its approval as well as that of the Council for laws in a number of fields; and it secured the right to approve – or not – the appointment of each new Commission. Two new 'pillars' were set up alongside the Community: one for a 'common foreign and security policy'; the other, relating to freedom of movement and internal security, for what was called 'cooperation in justice and home affairs' – renamed in the Amsterdam Treaty as 'police and judicial cooperation in criminal matters'. The basis for both was intergovernmental, though they were related to the Community institutions. The whole unwieldy



structure was named the European Union, with the first, central, Community pillar as well as the other two.

Although John Major had succeeded Mrs Thatcher as Prime Minister with the avowed intention of moving to 'the heart of Europe', he insisted that Britain would participate neither in the single currency nor in a 'social chapter' on matters relating to employment. In order to secure agreement on the treaty as a whole, it was accepted that Britain could opt out of both, together with Denmark as far as the single currency was concerned.

The Maastricht Treaty was signed in February 1992 and entered into force in November 1993 after a number of vicissitudes: two Danish referendums, in the first of which it was rejected and

in the second approved after some small adjustments had been made; a French referendum in which the voters accepted it by a tiny majority; in London, a fraught ratification process in the House of Commons; and in Germany, a lengthy deliberation by the Constitutional Court before it rejected a claim that the treaty was unconstitutional. These episodes, together with evidence that citizens' approval of the Union was declining in most member states, seemed alarming, particularly to people of federalist orientation.

The more federalist among the governments, however, felt that the Maastricht Treaty did not go far enough. With the decisive new monetary powers and the prospect of further enlargement, they wanted to make the Union more effective and democratic. By the time the Treaty entered into force, accession negotiations with Austria, Finland, and Sweden had already begun, and Cyprus, Malta, Norway, and Switzerland had lodged their applications. Norway negotiated an accession treaty but it was again rejected in a referendum; and the Swiss government withdrew its application after defeat in a referendum on the much looser European Economic Area. Negotiations with Cyprus and Malta were to begin in 1998 and 2001 at the same times as those with ten Central and East European states, following the European Council's decision that the latter could join when they fulfilled the economic and political conditions. But Austria, Finland, and Sweden acceded in 1995. So the Maastricht Treaty was followed in 1996 by another IGC, from which emerged the Amsterdam Treaty, signed in 1997 and in force in 1999.

The Amsterdam Treaty revisited a number of the Union's competences, including those relating to the two intergovernmental pillars. A new chapter on employment was added to the Community Treaty, reflecting concern about the unemployment that had persisted through the 1990s at a level around 10%, together with fears that it might be aggravated if the European Central Bank were to pursue a tight money policy.

Among the institutions, the European Parliament gained most, with co-decision extended to include the majority of legislative decisions, and the right of approval over the appointment not only of the Commission as a whole, but before that, of its President. Since the President, once approved, was given the right to accept or reject the nominations for the other members of the Commission, the Parliament's power over the Commission was considerably enhanced. Its part in the process that led to the Commission's resignation in March 1999 and in the appointment of the new Commission demonstrated the significance of parliamentary control over the executive. The treaty also gave the Commission's President more power over the other Commissioners.

At the same time as adding these federal elements to the institutions, the Amsterdam Treaty reflected fears that the Union would not be able to meet the challenges ahead if new developments were to be inhibited by the unanimity procedure. This led to a procedure of 'enhanced cooperation', allowing a group of member states to proceed with a project in which a minority did not wish to participate, though at the time of writing the procedure has not yet been used. Six weeks before the meeting of the European Council in Amsterdam that reached agreement on the treaty, Tony Blair became Prime Minister following Labour's election victory. The new British government adopted the social chapter and, expressing a more favourable attitude towards the Union, accepted without demur such reforms as the increase in the Parliament's powers. But Britain, along with Denmark and Ireland, did opt out of the provision to abolish frontier controls, along with the partial transfer of the related cooperation in justice and home affairs to the Community pillar, even if the British government was later to cooperate quite energetically in that field. As regards external security, Europe's weak performance in former Yugoslavia had spurred demands for a stronger defence capacity; and Britain both accepted provision

for this in the Amsterdam Treaty and then joined with France to initiate action along these lines.

Enlargement to 27, Nice Treaty, Constitution

Following their emergence from Soviet domination, ten Central and East European states obtained association with the Union, and then sought accession. They faced an enormous task of transforming their economies and polities from centralized communist control to the market economies and pluralist democracies that membership required. But by 1997 the Union judged that five of them had made enough progress to justify starting accession negotiations in the following year; and negotiations with another five opened in January 2000. By 2004, accession was completed for the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia, together with Cyprus and Malta; and Bulgaria and Romania joined in 2007. Turkey's candidature was also recognized; but the economic and political problems were such that negotiations were not opened until 2005, were expected to take a decade or so, and were suspended in 2006.

With such a formidable enlargement ahead, the question of deepening arose again. Reform of some policies was necessary, in particular for agriculture and the structural funds. The Commission's proposals for this, entitled *Agenda 2000*, were partially adopted, though further measures were required. As regards reform of the institutions, another IGC was convened in 2000, leading to the Nice Treaty which was signed in 2001 and in force in 2002.

The result was an inadequate response to the prospect of nearly doubling the number of member states. It introduced modest increases in the scope of qualified majority voting in the Council and of legislative co-decision with the Parliament, and some

procedural improvements for the Court of Justice. It addressed the growth in the number of Commissioners accompanying enlargement by further enhancing the power of the President over the other Commissioners and taking some steps to limit their number. But the weighting of votes in the Council and the number of MEPs for each state became the subject of unprincipled horse-trading, with an outcome that is not comprehensible to the vast majority of citizens. The German and Italian governments found the Treaty so unsatisfactory that they proposed a 'deeper and wider debate about the future of the Union'; and the European Council in December 2001, under Belgian Presidency, decided to establish a Convention to make further proposals to an IGC in 2004.

The Laeken Declaration, named after the Brussels suburb where the European Council met, was cleverly crafted to secure unanimous agreement by including, in what amounted to terms of reference for the Convention, items aimed at the more intergovernmentalist as well as the more federalist members. So the Convention met in February 2002 with a very broad remit, and its 105 members covered a wide spectrum of political orientations, with two MPs from each of the 27 member and candidate states plus Turkey as a forthcoming candidate, 16 MEPs, one representative of each head of government, two members of the European Commission, a President, and two Vice-Presidents.

The President of the Convention, former French President Valéry Giscard d'Estaing, steered a deft course between federalism and intergovernmentalism. The majority of its members, including MPs from member states, preferred a more federal than intergovernmental orientation; and Giscard satisfied them by favouring elements of federal reform within the Community pillar. But the amended EU Treaty drafted by the Convention would not be unanimously accepted by the ensuing IGC if the federal elements intruded too far into the fields of common

foreign and security policy, and macroeconomic policy. Nor would some of the representatives of heads of government in the Convention have accepted the consensus that Giscard sought as the outcome of its work; and Giscard himself may well have sympathized with this view. So he steered the Convention towards more intergovernmental proposals in those fields. In July 2003 it acclaimed a consensus on a draft Constitution. Its main thrust was towards more effective and democratic institutions, as summarized at the end of Chapter 3. It also contained much tidying of the existing Treaty provisions for common policies and provided a basis for further development of a common defence. The IGC was convened in October 2003, agreed some amendments in an intergovernmental direction, and concluded a year later when all the member and acceding states signed the Treaty establishing a Constitution for Europe. Eighteen of them ratified the Treaty, but it was rejected by substantial majorities in French and Dutch referendums. While that signified the end of the Treaty as it stood, pressure remained for reviving as much of it as possible. The IGC approved the Treaty with a few amendments in October 2007, with the governments intending to secure ratification by 2009.