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HISTORY OF THE EUROPEAN UNION

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INTRODUCTION

The European Union is a recent organization: it was formally created in 1993 with the entry into force of the Maastricht Treaty. But the history of the European Union is actually a much longer one; it is, first of all, the history of Europe itself, the history of the convergence and divergence of the peoples and nations of Europe; it is, of course, the history of organizations that since the middle of the 20th century have sought to build a Europe “united in diversity”, as the motto formally adopted by the European Union proclaims; it is, last but not least (because history is the science of human societies in time in general, and not just in the past), the examination of the current situation and future perspectives for the evolution of the European Union as an organization and the reality of European union that underlies it.

This text seeks to study these three aspects of the history of the European Union: in the first part, the long and very long-term framework of the process of European construction; in the second part, the evolution of the organizations that shaped this process since the middle of the 20th century; in the third part, the current situation of the process and the prospects for its future evolution.

The long-term and very long-term framework of the process of European construction raises, first of all, the question of the very notion of what Europe is, a notion that has two fundamental aspects: one geographical, the other cultural. Second, it implies the consideration of the profound changes that Europe's role in the World has had over the past centuries: creator of a world society, then hegemon of that society, finally a declining part of the world society, if not in absolute, at least in relative terms. These are the themes of the two chapters that make up the first part of the book.

The European integration process is currently institutionally dominated by the European Union. It is true that even today, the process of European integration cannot be completely reduced to that organization. However, there can also be no doubt that the future of the process of European integration, as it is currently conceived by most social actors, in Europe and in the world, is the future of the European Union. However, the beginnings of the process of European integration in the middle of the 20th century were not based on a single, or at least dominant, organization. The successive chapters of the second part of the book will, therefore, explain the plurality of organizations that were created with the objective of promoting the construction of a united Europe in the middle of the 20th century, how the European Communities came to become the dominating organization of this process and how they came to formally transform themselves into the European Union.

It is clear that all this is fundamentally aimed at contributing to the understanding of the current situation of the European integration process and the prospects for its future evolution. These are the themes covered by the two chapters of the third part of the book

This explains the general plan outlined for this work.

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PART ONE

LONG-TERM FRAMEWORK OF THE PROCESS OF EUROPEAN INTEGRATION

CHAPTER 1 – A PRELIMINARY QUESTION: WHAT IS EUROPE

It is possible to try to answer the question 'what is Europe?' in two ways:

- (a) Seeking to identify the boundaries of Europe from a geographical perspective.
- (b) Seeking to identify the characteristics of European civilization from a cultural perspective.

Throughout this chapter, these two ways to identify Europe will be discussed, so that the combination of their results will enable a better understanding of the society that will be the subject of the study in the following chapters. At the same time, it will be possible to understand why a third way to search for a European identity – the identification of a possible European ethnicity, from an anthropological perspective – does not seem fruitful.

A – GEOGRAPHICAL PERSPECTIVE

The conventional limits

From a geographical point of view, the limits of Europe can be said to be relatively clear, though, strictly speaking, purely conventional.

- To the north, Europe is bordered by the Arctic Sea.
- To the west, Europe is bordered by the Atlantic Ocean.
- To the south, Europe is bordered by the Mediterranean Sea, the Black Sea, the Caucasus Mountains and the Caspian Sea.
- To the east, Europe is bordered by the Ural Mountains and the Ural River.

It is also customary to include in Europe islands of the Arctic Sea, the Atlantic Ocean and the Mediterranean Sea that are politically united with states with capitals in Europe and whose populations are basically of European origin, or whose culture is of European origin (in the continental sense of Europe). This is particularly the case of:

- The Svalbard, Franz Josef Land and Novaya Zemlya archipelagos in the Arctic Sea.
- The British Isles, the Faroe Islands, Iceland, the Azores, Madeira and the Canaries in the Atlantic Ocean.
- The Balearic Islands, Corsica, Sardinia, Sicily, Malta, the Dalmatian Islands, the Ionian Islands, the Aegean Islands, Crete and Cyprus in the Mediterranean Sea.

The same is true, of course, of the North Sea and Baltic Sea islands.

The boundaries thus defined are clear and operational enough to constitute a good starting point. However, it is important to underline some aspects that show their conventional character and some difficulties they raise in their use.

Firstly, Europe, as defined by its conventional boundaries, is not a space with unity and specificity from any geographical point of view. This statement will be justified below when addressing the geographical features of Europe.

Secondly, it should be borne in mind that limits that may seem reasonable to Europeans from certain regions of Europe may not seem so reasonable to Europeans from other regions of Europe. Consider, for example, the conventional eastern boundary. To a western European it may seem reasonable. To a Russian, whose country extends to and fro from this limit, it may seem even very unreasonable. However, it is not easy to find a convenient alternative from this point of view, because extending Europe to the limits of Russia means extending it to the Pacific Ocean, which will generally be considered excessive (it may be recalled that the Russian Federation has experienced some problems of internal political cohesion, but they do not come from the east, but from the south-central part of the territory, for cultural reasons).

In short, these observations show how conventional boundaries are simultaneously debatable and difficult to push aside.

The characteristics

Before leaving the geographical perspective, it is necessary, within the established conventional limits, to examine the characteristics and internal contrasts of Europe.

The land and the sea

The most important and original feature of Europe, in particular when compared to other continents, is probably the way land and sea intertwine in it, due to the cut-off of the coasts and the ensemble of peninsulas, islands and inland seas.

A brief look at the map of Europe will recall the most important of these geographical features:

a) The northern coasts of Europe, Asia and America delimit an inland sea, the Arctic Sea, where the archipelagos of Svalbard, Franz Josef Land and Novaya Zemlya are located. In the far northeast of Europe are the Kanin and Kola peninsulas, which delimit another small inland sea, the White Sea, linked to the Arctic Sea.

b) At the northern end of Europe lies the Scandinavian Peninsula, which, together with the much smaller Jutland Peninsula, located south of Scandinavia, delimits a second inland sea, the Baltic Sea. In this area, there are some islands, of which Funen and Zealand are the main ones, which,

together with the two peninsulas mentioned, frame the five straits that allow the communication between the Baltic Sea and the Atlantic Ocean.

(b) Relatively close to the northwest coast of Europe stand the British Isles (of which Britain and Ireland stand out for their size), which, together with the coast of the European continental mass, delimit another quasi-inland sea, the North Sea.

c) The extreme southwest of Europe extends into another important peninsula, the Iberian Peninsula or Iberia.

(d) The southern coast of Europe delimits, together with the northern coast of Africa and the west coast of Asia, a large inland sea, the Mediterranean Sea. This in turn is characterized by the existence of important peninsulas and islands and smaller inland seas. Crossing the Mediterranean coast in a retrograde direction from the Strait of Gibraltar, which allows communication between the Mediterranean Sea and the Atlantic Ocean, one finds successively the Iberian, Italian and Balkan peninsulas (this one with the Peloponnese Peninsula in its far south) in Europe, Anatolia in Asia and Maghreb in Africa. Between the peninsulas of Iberia and Italy are the Balearic Islands (near Iberia) and Corsica and Sardinia (near Italy). Between the islands of Corsica and Sardinia and the Italian peninsula lies the Tyrrhenian Sea. Between the peninsulas of Italy and the Maghreb are the islands of Sicily (near Italy) and Malta. Between the peninsulas of Italy and the Balkans lies the Adriatic Sea. In the Adriatic Sea are the Dalmatian Islands (next to the Balkan peninsula). South of the Adriatic Sea are the Ionian Islands. Between the peninsulas of the Balkans and Anatolia lies the Aegean Sea, punctuated by a large number of small islands. To the south of the Aegean Sea lies the island of Crete and to the south of the Anatolia Peninsula lies the island of Cyprus.

e) Between the northern coast of Anatolia and the southern coast of Europe is yet another inland sea, generally considered separately from the Mediterranean Sea, the Black Sea. Two straits, the Dardanelles and the Bosphorus, separated by the small Marmara Sea, allow communication between the Black Sea and the Mediterranean Sea. Also worth mentioning is a peninsula on the southern coast of Europe on the Black Sea, the Crimea Peninsula, and the small inland sea bounded by that peninsula, the Azov Sea.

The orography

From the orographic point of view, the main point to underline is the great heterogeneity of Europe.

In the continental part of Europe, it is possible to distinguish three clearly differentiated zones at different latitudes.

Northern Europe is characterized by Paleozoic reliefs, largely eroded, which reach their highest altitudes in the so-called Scandinavian Alps and the Ural Mountains below 2000 metres. From the same orographic system are also the reliefs of the British Isles.

The central part of Europe is characterized by the existence of an extensive plain that runs from west to east from the coasts of Aquitaine to the Obi River valley, already clearly east of the conventional boundaries of Europe.

Finally, the southern part of Europe is characterized by the existence of Cenozoic reliefs, weakly eroded, which reach their maximum altitudes on the isthmus between the Iberian Peninsula and the main European continental mass (Pyrenees) above 3000 metres, on the isthmus between Italy and the main European continental mass (Alps) above 4000 metres and in the region between the Black Sea and the Caspian Sea (Caucasus) above 4000 metres. To the same orographic system also belong: the plateau in the centre of the Iberian Peninsula; the reliefs of the Italian peninsula, the Apennine Mountains; the northern reliefs of the Balkans, the Carpathian Mountains and the Transylvanian Alps; the reliefs of the Balkan peninsula itself, the Dinaric Alps to the west and the Balkans proper to the east; and the reliefs of the islands of the Mediterranean Sea.

Most of the Atlantic Ocean islands generally regarded as part of Europe – Iceland, the Faroe Islands, the Azores, Madeira and the Canaries – consist of particularly high reliefs of the so-called central Atlantic mountain range, one of the main outcrops of magmas existing in earth crust today. From this outcrop emerge four tectonic plates: those of North and South America move west; those of Eurasia and Africa are moving east.

It should be noted, by the way, that the Eurasian tectonic plate covers most of the European territory. However, it cannot be an appropriate geographical definition of Europe both because:

(a) It extends east far beyond the conventional boundaries of Europe and thus constitutes a true Eurasian tectonic plate, while leaving out significant parts of what is conventionally considered the Asian continent.

(b) It leaves out parts of Europe in the conventional sense: this is the case of the western part of Iceland and the Flores and Corvo islands in the Azores, which belong to the tectonic plate of North America, and the archipelagos of Madeira and the Canaries, the islands of Sicily and Malta and part of the Italian peninsula west of the Apennines, which belong to the tectonic plate of Africa.

The climate

From the climate point of view too, the European landscape is far from monotonous. The latitude range from about 30° N to about 70° N and the orographic diversity just mentioned do not allow any homogeneity. Thus:

(a) In southern Europe the temperate climate of the type commonly referred to as Mediterranean predominates. This climate is characterized by hot (average temperature above 20°C) and dry (monthly rainfall in millimetres below average monthly temperature in degrees centigrade) summers and mild (average temperature above 5°C) and rainy (monthly rainfall in millimetres above average monthly temperature in degrees centigrade) winters.

(b) In western Europe the temperate climate of the type commonly referred to as Atlantic predominates. This climate is characterized by mild summers (average temperature not higher than 20°C) and cold winters (average temperature not higher than 5°C), with rainfall throughout the year (monthly rainfall in millimetres always exceeding the monthly average temperature in degrees centigrade), although with maximums (including sometimes snow) in winter.

(c) In eastern Europe the temperate climate of the type commonly known as continental is predominant. This climate is characterized by mild (average temperature not exceeding 20°C) and rainy (monthly precipitation in millimetres above average monthly temperature in degrees centigrade) summers and cold winters (average temperature not exceeding 5°C) with frequent snow.

(d) In northern Europe, the cold climate of the type commonly called arctic predominates. This type of climate also predominates in the southern regions of Europe with high altitudes where it is commonly referred to as alpine climate. This climate is characterized by cold (average temperature not exceeding 10°C) and rainy (monthly precipitation in millimetres above average monthly temperature in degrees centigrade) summers and cold winters (average temperature not above 0°C) with frequent snow.

The main feature to note, however, is the fact that, with the exception of the far north and the highest mountain peaks, all regions of Europe have temperate climates, which are quite favourable to human life once the technologies of fire and clothing have been mastered.

The hydrography

The relatively small extent (around 10 million square kilometres) and the geographical features that have been just described naturally prevent Europe from having the largest rivers in the world, both in length and flow.

Among the main rivers in Europe, three main types must be distinguished:

(a) The Atlantic rivers, which originate in the southern mountains and flow into the Atlantic through the central plain: this is the case (from east to west) of the Vistula, the Oder, the Elbe, the Weser, the Rhine, the Seine, the Loire and the Garonne. These are rivers that can reach significant length and relatively regular flow, therefore generally navigable in large length, with consequent benefits for circulation in the central plain of the continent.

(b) The eastern rivers, which originate at low elevations in the central plain and flow into the Arctic Sea – Pechora –, the Atlantic Ocean – Neva, Niemen and Dvina –, the Black Sea – Dniester, Dnieper and Don –, or the Caspian Sea – Volga and Ural –, across the same central plain. These are rivers that can also reach significant length and relatively regular flow, so they are also generally navigable to a large extent, with the same benefits for circulation on the central plain of the continent.

(c) Mediterranean rivers, which originate in the southern mountains and flow into the Atlantic or the Mediterranean through plains often resulting from their own erosion and deposit action: this is the

case of the Douro, Tagus, Guadalquivir and Ebro in the Peninsula Iberia, the Rhône in the south of France, the Tiber and the Po in the Italian peninsula and the Vardar and Maritza in the Balkan peninsula. These are rivers of small length and relatively irregular flow, with highs in autumn and winter, so they are generally navigable to a small extent and do not normally provide circulation benefits comparable to those provided by central lowland rivers.

A particularly notable case is the Danube River, whose origin is in the Alps and which flows into the Black Sea through spaces successively framed between the southern mountains. Although by its latitude and position it is close to the Mediterranean rivers, by its length and flow it is more similar to the rivers of the east, being like them navigable to a great extent.

B – CULTURAL PERSPECTIVE

A classic formula: European culture = ancient Greek culture + Roman law + Christian religion

According to a formula that can be considered classical, European culture can be defined as the synthesis of ancient Greek culture, Roman law and the Christian religion. It is a formula that effectively synthesizes some of the most important historical roots of today's Europe, but is frankly incomplete for at least two reasons:

(a) On the one hand, the historical roots of Europe are much older, although the elements referred to have subsequently acquired a very particular prominence.

(b) On the other hand, European culture has undergone very profound changes in recent centuries, which are also fundamental to understand what Europe is today.

It is therefore important to take a look, although brief, at European historical developments in order to identify the elements successively integrated into the cultural heritage shared today by the peoples of Europe.

The human settlement of Europe

Being a region of temperate or cold climates, Europe could not be part of the ecosphere of the first species of hominids, the genus *australopithecus* and the species *homo habilis*, due to the fact that they had neither the technology (fire control), nor the implements (clothing), necessary for survival in these climates. The same was not true of the species *homo erectus* and *homo sapiens*, the latter in its variety *homo sapiens neanderthalensis*. Controlling fire and making animal fur clothing, these species were able to populate Europe what happened for at least one million years.

What can be considered the modern human settlement of Europe, however, dates back to a more recent time, more precisely about fifty thousand years ago. It was at this time that humans of the species *homo sapiens* and the variety *homo sapiens sapiens* spread throughout Europe, eventually becoming their only human population.

More precisely, it can also be said that the *homo sapiens sapiens* that populated Europe belonged ethnically to the white race. However, Europe cannot be identified with the white race's ecosphere. In fact, beyond Europe, the whole of the Mediterranean basin and the western part of Asia, possibly as far as Western Siberia, the Iranian plateau and perhaps the Indus valley, were also areas of expansion of that same ethnic group, which, therefore, cannot be considered characteristically European.

On the other hand, it is possible to distinguish among the peoples of this white race several linguistic branches. From this point of view, too, Europe did not have a homogeneous settlement: the north of the continent was first occupied by the Finns, the west by the West-Mediterraneans, the centre and the southeast by the Indo-Europeans and the east by the Caucasians. Finns and Caucasians also spread to the western regions of Asia neighbouring the European regions inhabited by the same peoples. Other branches of the white race populated other regions of Africa and Asia: the Camites occupied the Maghreb, the Hamites northeast Africa, the Semites Arabia, Palestine and Syria, the Cushites the so-called Horn of Africa, and the Sumerians Mesopotamia and Iran.

The agro-pastoral revolution

The sixth millennium BCE witnessed the beginning of the diffusion to Europe of an innovation that from the eighth millennium BCE had profoundly transformed human life in the neighbouring regions of Southwest Asia: the agro-pastoral revolution, which replaced the predatory economy based on hunting, fishing and vegetable gathering existing until then, with a farming economy, based on agriculture and livestock. It was among the Indo-European peoples of the Balkans that this spread began and this fact had important consequences for the distribution of the different branches of the white race in Europe and Western Asia over the following millennia.

Indeed, the demographic expansion brought about by the new way of life based on agriculture and livestock stimulated the geographical spread of the Indo-European peoples and at the same time provided them with the human resources to forcefully impose themselves upon the peoples they came into contact with in this process of expansion. Thus, four millennia after the spread of the agro-pastoral revolution among Indo-Europeans, all of Europe except the far north (where Finnish-speaking peoples continued to predominate), the Pyrenees Mountains (where West-Mediterranean peoples continued to predominate) and the Caucasus Mountains (where Caucasian peoples continued to predominate), was inhabited by Indo-European-speaking peoples. The same was true in Anatolia, the West Asian steppe areas and Iran. This expansion of the Indo-European peoples spread the agro-pastoral

revolution at the same time to all the regions they occupied, as well as neighbouring regions whose peoples copied such innovation from the Indo-Europeans. In particular, the whole of Europe was thus touched by the agro-pastoral revolution.

Of course, this process of expansion of the Indo-European peoples was matched by another process of differentiation. Thus, at the beginning of the second millennium BCE, several sub-branches of the Indo-European ethnic and linguistic branch were already perfectly defined: the Celts occupied most of Western Europe, the Italics had settled in Italy, the Germans in southern Scandinavia and Jutland, the Slavs south of the Baltic Sea, the Balts east of the Baltic Sea, the Illyrians in the western Balkans, the Hellenes in the southern Balkans, the Thracian-Phrygians in the eastern Balkans, the Hittites in Anatolia and the Iranians in the steppes of West Asia. Over the next millennium, it was mainly the Iranians who continued the expansion and differentiation movement, with the Kassite and Mitannian groups moving to Mesopotamia and Syria, the Aryans to northern India, and the Tocharians to the Central Asian oases.

In short: Europe became a continent with a new way of life linked to agriculture and livestock and predominantly Indo-European settlement. However, neither the Indo-Europeans restricted its expansion to Europe, nor did Europe reach a situation of ethnic and linguistic homogeneity following the Indo-European expansion.

The urban revolution and the discovery of the Mediterranean

However, since the fourth millennium BCE that another innovation, the urban revolution, linked to the development of a sector specialization of economic life, which separated industrial and commercial activities from cultivation, and the emergence of well-defined social stratification and the technique of writing, had begun to emerge, profoundly transforming the regions of southwest Asia. Since the second millennium BCE, this innovation spread to the Mediterranean world, first, of course, to its far east – Syria, Palestine, Anatolia and the Aegean Sea.

It was from the Aegean Sea and the coast of Syria at the time called Phoenicia and now Lebanon that the movement that may be called the discovery of the Mediterranean departed. Strictly speaking, it was about establishing links between the peoples who inhabited the various regions of the Mediterranean basin in order to constitute a minimally articulated space from the economic point of view: a world-economy, in today's terminology. This movement occupied the second half of the second millennium BCE and the first half of the first millennium BCE, and had two fundamental consequences. On the one hand, it allowed the urban revolution to spread to the wider Mediterranean world. On the other hand, it enabled the peoples who successively streamlined the process to develop a particularly sophisticated economic and cultural life. These peoples were: in the first phase, in the middle of the second millennium BCE, the Minoans (an Indo-European people of the Hittite sub-branch established in Crete and the Aegean Islands); in a second phase, at the end of the second

millennium BCE and beginnings of the first millennium BCE, the Phoenicians (a Semitic people established in Lebanon); in a third phase, in the middle of the first millennium BCE, the Greeks (an Indo-European people of the Hellenic sub-branch established in the southern Balkans).

One of the cultural paradigms thus developed – what is commonly referred to as classical Greek culture, or Hellenism – came to be one of the elements consciously assumed to be one of the cornerstones of European culture.

Classical Greek culture or Hellenism

Of the elements of classical Greek culture that came to be one of the characterizing nuclei of European culture, the following should be highlighted:

a) The beginnings of philosophical reflection and scientific research – This is one of the first efforts in the history of mankind to develop an inquiry into reality based on reason and independent of religious thought and magical practices. It can also be said that of these early efforts it was undoubtedly the most successful. This success can be basically associated with the development of a conception of separation between the sacred or religious and the secular or profane spheres of social life that subsequently never completely disappeared from European culture.

b) Some paradigms in the fields of fine and literary arts – In fact, European art never failed to look back on classical Greek models, particularly in the fields of architecture, sculpture, epic poetry and tragic dramaturgy, as masterpieces of reference.

The immediate impact of Hellenism was especially significant because of its feed back on the former civilized societies of Southwest Asia. In a first phase, there was some acculturation to the Hellenism of the Persian Empire, which in the middle of the first millennium BCE had politically unified Southwest Asia, from Iran to Anatolia and even to Egypt. In a second phase, a Greek state, Macedonia, created an empire encompassing not only the central nucleus of the Greek peoples, but also the territories of the former Persian Empire. This Macedonian Empire was ephemeral (only held together for about a decade in the second half of the 4th century BC), but gave rise to a set of states, the so-called Hellenistic states, which, since the late 4th century BCE until the early 2nd century BCE, imposed a Greek hegemony on the space that had been dominated by this Macedonian Empire.

The Roman Empire

The integration of the Western Mediterranean into the Mediterranean world economy led to the establishment of Phoenician and Greek settlement colonies in this region, in particular Phoenician colonies in the Maghreb and the Iberian Peninsula and Greek colonies in Sicily, southern Italy and southern France. For much of the first millennium BCE, these colonies dominated the economic and political life of the Western Mediterranean. Among them, the Phoenician city of Carthage in North

Africa and the Greek cities of Syracuse in Sicily, Taranto in southern Italy and Massilia in southern France were the most important.

The influence of the Phoenician and Greek colonies led to an evolution of societies previously existing in the Western Mediterranean that allowed the absorption of fundamental aspects of the more sophisticated social life of Eastern Mediterranean societies, particularly Hellenism. As a result of this greater sophistication of native Western Mediterranean societies, there was a reaction against the economic and political hegemony of the Phoenician and Greek colonies in Western Mediterranean life.

Of all the states that carried out this process of acculturation and reaction, the Italian (more specifically, Latin) city of Rome stood out. During the second half of the 4th century BCE and the first half of the 3rd century BCE, Rome established itself as the dominant power in the Italian peninsula, subjecting the other Italian peoples and the Greek colonies established there. During the second half of the 3rd century BCE and the first half of the 2nd century BCE, extended this hegemony to the whole of the Western Mediterranean, subjecting the Celtic, West-Mediterranean and Hamite peoples and the Greek and Phoenician colonies established there. The second half of the 2nd century BCE and the first half of the 1st century BCE witnessed the conquest of the Eastern Mediterranean, with the submission of the Hellenistic states of the Balkans, Anatolia, Syria, Palestine and Egypt. As a result of this process, the whole Mediterranean world was politically unified into what became known as the Roman Empire. The Roman Empire further expanded into western Europe west of the Rhine and southern Great Britain, subjecting the Celtic tribes established there, and attempted to expand to the right bank of the Rhine, but without success, leaving that space occupied by Germanic tribes.

The Roman Empire was an element of consolidation of the hegemony of Hellenistic culture in the Mediterranean world. However, it was in the Mediterranean world dominated by Rome that the other two elements of the classic formula for defining European culture mentioned above, Roman law and Christianity, emerged.

Roman law

Roman law was originally primarily a jurisprudential based law, with a clear distinction between the rules on relations between the state and members of society (public law) and the relations of members of society with each other (private law). In the late epoch of the Roman Empire, there was a movement of codification that made Roman law a primordially statutory based law. It was the tradition of a statutory law, with a clear distinction between the public and private branches that was passed on to most of the later European societies, with the conspicuous exception of British society, where a primarily customary based legal system was developed and in which the distinction between public and private law plays no relevant role.

In any case, the notion of separation of the public and private spheres of social life has become another fundamental element of European culture.

Christianity

The origins of Christianity date back to the preaching of Jesus, a Jewish carpenter craftsman, born in Bethlehem of Palestine in the middle of the last decade of the 1st century BCE (probably 5 BCE) and sentenced to death and executed in Jerusalem at the end of the third decade of the 1st century CE (probably 30 CE), on charges, unsubstantiated to his followers, of inciting revolt against Roman rule. The denomination of the religion comes from the surname Christ (meaning anointed) that was attributed to the founder by the Greek-speaking faithful. (Note, by the way, that the origin of the current counting of time for historical chronology purposes formally refers to the year of birth of Jesus Christ. However, it is now known that the date initially admitted for this purpose is slightly wrong.)

From the doctrinal point of view, Christianity presents itself as a monotheistic, universalistic and salvation religion. Monotheism, that is, the belief in the existence of a single god, creator of the universe, can be considered a Jewish heritage (and indirectly a heritage of the typical religions of nomadic Semitic peoples). Universalism, that is, the affirmation of a vocation to embrace all humanity, can be considered a consequence of the insertion in an imperial-type world-society like that of the Mediterranean world in the time of the Roman Empire. The notion of salvation, specifically the belief that Jesus Christ, the founder of religion, is God Himself who incarnated as a man, to deliver humanity from evil through preaching and sacrifice and through its resurrection (for Christians a historical fact that occurred three days after Jesus' death) opening the way for the union of believers with God, can be considered a modified version of the traditional Indo-European religious conception of the existence of a struggle in the evolution of the universe between good and evil, with the final triumph of the first. Anyway, and whatever the origin of the religious elements of Christianity, they also marked the European culture henceforth.

Christianity gradually progressed as a religion, especially of disadvantaged social groups in the Roman Empire and some neighbouring states until the 4th century CE. From the perspective of the Roman authorities, this progress of Christianity eventually threatened the state religion and there was a period of persecution (with its hardest phase from 303 to 311). But Christianity eventually emerged from this period of persecution as the dominant religion. Throughout the 4th century CE, Christianity was to be adopted as an official religion by Armenia (Phrygian state of Anatolia) in 303, by Iberia (Georgian state of the Caucasus) on 318 and by the Roman Empire itself in 380. Christian missionaries also converted in that century several Celtic (Irish) and Germanic tribes (Burgundians, Lombards, Vandals, Gepids, Rugians and Goths) neighbouring the Roman Empire in Europe. In the early 5th century d. C., Christianity was also adopted as an official religion by Abyssinia (a Semitic-Cushite state of East Africa) and a century later by Nubia (a Camite state of the Middle Nile).

The division of the Mediterranean world

The political unification of the Mediterranean world under the rule of the Roman Empire contributed to its cultural homogenization under the influence of Hellenism, Roman law and Christianity, but it did not dissolve a fundamental cleavage between a more deeply Hellenized east with a dominant Greek language and a more superficially Hellenized West with a dominant Latin language. In the late 4th century CE, the Roman Empire was divided into a Western Roman Empire and an Eastern Roman Empire, which consecrated politically this cultural division. Over the following centuries this separation took on a religious aspect, which eventually gave rise to the existence of two Christian churches, one eastern, one western, clearly distinct, although the definitive formal rupture between them only occurred in 1054.

About a century after the division of the Roman Empire, the Western Roman Empire in turn collapsed, invaded by several tribes, mostly Germanic, who established several more or less stable kingdoms in what had been its territory. The Eastern Roman Empire still attempted a recover of the Western Mediterranean in the 6th century, but it was partial – it hit only Italy, the Maghreb and the southern Iberian Peninsula – and ephemeral. Throughout the 7th and 8th centuries, Western Christendom again assumed the political structure of a plurality of independent kingdoms. In the late 8th and early 9th centuries, one of these kingdoms, the Kingdom of the Franks, succeeded in establishing a new Western Roman Empire. This second Western Roman Empire, also known as the Carolingian Empire, was, however, geographically and socially very different from the old, largely due to the consequences of the Arab expansion referred to below. Moreover, by the end of the 9th century it had once again been divided into a plurality of kingdoms.

However, another process, carried out mainly during the 7th and 8th centuries, had contributed to deepening the division of the Mediterranean world. It is the expansion of the Arab Empire and the Islamic religion. Its main consequence in this perspective was the division of the Mediterranean world into a predominantly Christian northern half (encompassing southern France, Italy, the Balkans and Anatolia at the time) and a predominantly Muslim southern half (encompassing Syria, Palestine, Egypt, Libya, the Maghreb and the Iberian Peninsula at the time), a division that would endure to this day (albeit with some subsequent changes in the boundaries of the two cultural spaces, particularly the passage of Anatolia to the Islamic cultural sphere and of the Iberian Peninsula to the Christian cultural sphere).

The political and cultural division of the Mediterranean world also corresponded to a breakdown of the Mediterranean world-economy that had existed between the process of discovery of the Mediterranean and the disappearance of the Roman Empire, with the consequent withering of urban life, accompanied by a general demographic recession. In the western part of the Mediterranean (and throughout Western Europe), the result of this process was the return (or permanence) of a structure of quasi-closed small local economies.

In short, it can be said that by the end of the first millennium a cultural space was constituted, which may be called Western Christendom, encompassing most of Western Europe, and characterized by religious unity (Christian religion and obedience to the Pope of Rome), by the political division into multiple independent kingdoms (within which there was still often an effective division of political power by local lords commonly called feudalism) and by the existence of quasi-closed local economies.

Western Christendom

The early centuries of Western Christendom were a period of retraction in face of external threats. In addition to the aforementioned loss of a significant part of the Mediterranean world to what may be called the Islamic civilization, major attacks have also emerged from the east and north.

The attacks from the east had as their main engine the westward expansion of peoples usually classified in the so-called yellow race and the Altaic branch: the Turks and the Mongols. These attacks constitute a long list, opened in the 4th century with the expansion of the Hun tribe (whose main consequence was the triggering of the attacks of the Germanic tribes that destroyed and occupied the Western Roman Empire over the next century). Special mention should be made of waves of attacks by the tribe of Avars in the 7th century (which had as its main consequence the triggering of a new wave of attacks by Germanic tribes that occupied the possessions that the Eastern Roman Empire had conquered in the West in the previous century), by the tribe of the Magyars in the 9th century (this attack brought to the Middle Danube an amalgam of Turks and Finns that gave rise to what is now the Hungarian people) and by the Mongol Empire in the 13th century. However devastating, the incursions of some of these tribes were never able to establish any stable dominion over Western Europe, and only the Magyars have significantly altered the ethnic composition of a Central European region.

The attacks from the north took place mainly during the 9th and 10th centuries and were the work of Germanic tribes from Scandinavia and Jutland, commonly known as the Vikings. Unlike the Altaic peoples, the Vikings were able to establish their dominion stably over some regions of Western Europe such as the British Isles and Normandy, although they have never replaced the peoples previously existing in those regions as the dominant demographic element. The Vikings also widened Europe's geographical horizon by establishing regular shipping connections to Iceland (previously already demanded by the Irish but only populated by the 10th century), to Greenland (where the Viking settlement competed between the 10th and 15th centuries with the previous settlement by North American inhabitants, usually classified in the yellow race and in the branch of the Inuit or Eskimo, then collapsed) and to America (where the permanent establishment of Viking colonies never occurred).

The most important aspect of Western Christendom's relationship with these attacks from the east and the north in the second half of the first millennium is, however, that, unlike the Arab invaders

from the Mediterranean, Western Christendom ended up, in the long run, absorbing these offenders. Thus, by the year 1000, Magyars and Vikings were converted to Christianity and integrated into Western Christendom, which thus expanded into central and northern Europe.

The first centuries of the first half of the second millennium, on the contrary, were centuries of prosperity and expansion of Western Christendom. As a result of a series of agricultural innovations, the population was able to increase, especially in regions of North-Western Europe. At the same time, the urban life that had withered away since the demise of the Western Roman Empire developed on the basis of industrial and commercial activities that gained momentum.

The resources generated by this demographic and economic boom were also used in attempts at geographical expansion, of a political and military nature, usually called crusades.

The first direction of the crusader expansion was the Eastern Mediterranean, where a new wave of Turkish attacks during the 11th century had conquered Anatolia from the Eastern Roman Empire (now commonly called the Byzantine Empire). As a result of the first phase of these eastern crusades, part of Palestine and Syria was, between the late 11th and late 12th centuries under the control of states established there by the Crusaders. Such states, however, were later destroyed by the Islamic reaction.

A second phase of the eastern crusades eventually attacked the Byzantine Empire itself. During the 13th and 14th centuries, part of the Balkans was under the control of states established there by the Crusaders. These states, however, were also later conquered by the Byzantine or other Balkan states linked to Eastern Christianity.

A second direction of the expansion linked to the crusades was the Iberian Peninsula, where from the 8th century on there was a movement commonly called Christian reconquest, against Islamic rule. As a result of these so-called western crusades, the Christian reconquest of the Iberian Peninsula was given a major boost. The whole process, however, was slow and irregular, only eventually bringing the whole of Iberia back into control of Western Christianity in the late 15th century.

A final significant direction of the crusade effort was the shores of the Baltic. There the so-called northern crusades supported the eastward movement of the Germanic peoples already converted to Christianity, at the expense of Slavic peoples and still pagan Baltics. As a result of this process, the majority of the peoples of the Baltic basin were integrated into Western Christendom by the late 13th century.

The last centuries of the first half of the second millennium were again centuries of hardship and crisis for Western Christendom. The exhaustion of the innovations that had given rise to the prosperity of the 11th to 13th centuries, the outbreak of epidemics of Asian origin, particularly plague, and widespread social, political and religious conflicts marked the 14th and 15th centuries.

The modern world society

The response to the crisis of the 14th and 15th centuries, however, brought to Western Christendom a very significant widening of its geographical and commercial horizon and a profound transformation of its economic, political and cultural structures, as well as propelling a new demographic and urban outbreak. Some aspects of this process deserve special mention.

Firstly, from Western Christendom came a process of discovery of the world similar to the process of discovery of the Mediterranean a few millennia earlier. Initially, dating from the 15th to 18th centuries, this process led to the formation of a Euro-Atlantic world-economy (encompassing Europe with the exception of Russia and the Balkans, the regions of America controlled by European states and the West African coast supplying slaves to America), with strong links to other, more sophisticated areas of the world (notably the shores of the Indian Ocean and the Far East). In a second phase, which can be dated from the 18th and 19th centuries, this process led to the planetization of the Euro-Atlantic world-economy, creating a contemporary world economy, which can be considered essentially consolidated in the early 20th century.

Secondly, there was a movement of transformation towards a capitalist organization of multiple commercial and productive activities. This had two fundamental consequences. The first was the emergence of sizable private economic units alongside public initiative units and small-scale artisanal units hitherto predominant in economic life. The second was the development of a market system, which gradually became dominant in modern economic life, overriding the predominantly command or routine systems that corresponded more appropriately to the state and artisanal organization of economic life.

Thirdly, new cultural developments must be underlined. Of these there are developments related to the so-called Renaissance, which formally tried to recover the paradigms of classical Greek culture. In fact, they have innovated a great deal, especially in two complementary processes. One was the development of modern science, which largely recovered and surpassed ancient contributions, taking advantage above all of the technological innovations introduced in the meantime. Another was the diffusion of cultural instruments such as reading and writing knowledge. Indeed, it was in some European societies from the 16th century onwards that for the first time in the history of mankind, literacy rates of around one tenth of the population, which were the highest ever recorded, were systematically exceeded. The role of the development of the press in both these processes must be underlined.

These cultural transformations also involved a break of the religious unity of Western Christianity. This break led to the separation between the churches resulting from various movements commonly called Reformation, which occurred during the 16th century, and the Roman Catholic Church. This led to a contrast between Britain and most of Europe east of the Rhine and north of the Danube (with some significant exceptions), where the various Reformed churches came to

predominate, and western Mediterranean Europe (to which must be added Ireland, Poland and some other regions beyond the Rhine and beyond the Danube), where the Roman Catholic Church continued to predominate. All of these churches then had a strong overseas expansion, following the formation of Euro-Atlantic world-society and later contemporary world society.

The contemporary world society

The formation of contemporary world society from the Euro-Atlantic world-society implied some fundamental developments beyond those that had given rise to the modern world-society.

Firstly, of course, modern economic growth must be highlighted. It is a process resulting from a succession of technological, organizational and spatial innovations based on the systematic application of scientific knowledge to economic life. As such, it can be considered one of the main effects of the cultural developments linked to modern science and the spread of literacy that occurred in some regions of Europe from the 16th century on. The beginnings of modern economic growth occurred in North-Western Europe in the 18th and 19th centuries. Since then the process has continued to intensify and spread throughout Europe and many other regions of the world.

Secondly, the planetization of the Euro-Atlantic society-world cannot obviously be forgotten. In a sense, it is simply the main spatial innovation associated with modern economic growth. However, the merge of all partial human societies into one global society, so that the evolution of no part of humanity can be understood without reference to the whole, is a novelty that can only be underlined.

Europe was not only the cradle of modern economic growth and the energizing space for the planetization of the modern world-society. It participated in these phenomena in a very particular way, which in particular led to the formation of what may be termed European overseas extensions in America and the Pacific. In fact, the peoples of Europe have not simply merged humanity economically into a single global economy. They emigrated massively to some parts of the world whose population had not yet surpassed at the time of their contact with Europe's expansion the predatory economy based on hunting, fishing and vegetable gathering, and which therefore had such a low population density that they could be considered almost empty from a European perspective. In these regions, therefore, societies were formed whose fundamental demographic substratum and whose cultural and social matrix in general are basically of European origin.

Other regions of the world, particularly in Africa and Asia, suffered the political dominance of European states in the context of the process of expansion that led to the formation of contemporary world society. They were not, however, so profoundly transformed, although in some cases demographic and cultural elements of European origin came to play an important role in the lives of these societies.

Finally, a last change in social life associated, in particular in Europe, with the phenomenon of modern economic growth, cannot also be ignored: the development of a secular culture, which

supports or rejects the generally specifically Christian religious component that was traditionally fundamental in European cultural life. This secular culture took the form of different doctrines, from nationalism to liberalism and socialism, according to the basic matrix of its reflection. And it tended, in its less radical currents, to combine with the equally less radical currents of traditional religious doctrines in a planetary humanism that can be said to have become dominant at the turn of the second to the third millennium.

European national societies

At the same time that Western Christendom gave rise to modern world-society, and later modern world-society gave rise to contemporary world society, there was a process of consolidation of national societies as the basic units of European social life. This process involved the consolidation of national states in the political domain and national economies in the economic domain.

From the political point of view, the consolidation of national states implied overcoming the disintegration of power associated with feudalism and the defeat of more or less significant attempts to establish imperial unity, or at least clear political hegemony within the space first of Western Christendom, later of the Euro-Atlantic world-society. The European political map became thus formed almost exclusively by national states, formally characterized by the exercise by a people of sovereignty over a territory, independent of the other states. In other words, national states thus emerge as the articulation of four basic institutions: the people, the group of human beings linked to the state by the relation of nationality; sovereignty, the ability of each state to establish legal regimes (legislative function), to implement concrete policies (executive function) and to arbitrate conflicts between members of society and to punish disrespect for legal regimes and, in certain cases, policies (judicial function); the territory, part of the earth where the sovereignty of the state is exercised; and independence, the exercise of sovereignty without interference from other states.

From an economic point of view, the consolidation of national economies implied the organization of economic life in terms of spaces that were in principle coincident with the territories of national states. The European economic map became thus formed almost exclusively by national economies characterized by the unity and specificity of the economic regime and economic policy. The economic regime is the set of general and abstract rules valid for situations of a given type that regulate economic life. Of the aspects of the economic regime, three are commonly used as key indicators of the existence of a true national economy: the monetary system, the tax system and the customs area. Thus it can be said that a national economy is characterized by a uniform and specific currency and means of payment; by uniform and specific taxes; and by the absence of obstacles to the movement of people and goods within the national economy, while there are controls on the movements of people and goods between the economy and other national economies and eventually obstacles to such movements. Economic policy is the set of rules valid for a given situation that

applies to economic life. Strictly speaking, it encompasses two distinct aspects: the regular supply to the population of certain goods, called public goods in the formal sense, which have traditionally stood for external defence and justice, but which may cover sectors ranging from public works to education and health services and may even involve integral planning of economic life; and the exceptional intervention to inflect the economic life of society in short-term or structural terms, which corresponds to what is commonly called economic policy in the strict sense.

Ideally, a national society corresponds to a nation, that is, a national culture shared by human beings who are part of the people. Ideally, a national culture implies the existence of a uniform and specific national language, implies the existence of religious homogeneity (though not of religious specificity, as it is traditional for different European national societies to share the same religion) and leads to an attitude of privileged commitment to the interests of national society and its members, commonly called patriotism. Of course, the reality of European national societies has never fully fulfilled these ideals, but it can be said that it tended to approach them throughout the second half of the second millennium.

An alternative formula: Europe = modern economic growth + national societies + secular culture

As a synthesis of this section, and without wishing to minimize the importance of any of the elements referred to in the preceding points, it will be possible to try to counteract the classical formula evoked at the beginning of the section (Europe = ancient Greek culture + Roman law + Christian religion) by another alternative formula, which aims to underline the innovations that the developments in the second half of the second millennium brought to European life: Europe = modern economic growth + national societies + secular culture.

C – CONCLUSION: AFTER ALL, WHAT IS EUROPE?

The point that most clearly emerges from the considerations made in the previous two sections is perhaps the difficulty of defining Europe, however much its characterization is deepened. The society in which the process that will be studied in most of this book has taken place is, therefore, a society that even the human beings that are inserted in it have difficulty in identifying precisely, a fact that had, of course, significant consequences throughout this process.

CHAPTER 2 – APOGEE AND DECLINE OF THE IMPORTANCE OF EUROPE IN THE WORLD

The epoch in which the process of European integration has taken place (since the immediate second post-war period of the 20th century) is a time characterized by a relative decline in the importance of Europe in the world, a decline whose beginnings can be traced to the late 19th century and early 20th century and that could no longer leave any doubts in the period between the two world wars. This decline is all the more significant as the previous centuries (at least from the 15th to the 19th centuries) had been characterized by the opposite evolution, that is to say, by an increase in the importance of Europe in the world, which had led to a true apogee of Europe in the late 19th century and early 20th century.

This chapter seeks to provide a perspective on the long-term framing of the process of European integration by examining Europe's rise, apogee and decline, successively considering the various areas of social life.

A – THE DEMOGRAPHIC IMPORTANCE OF EUROPE

Some data

As noted in the previous chapter, Europe, with about 10 million square kilometres, is a relatively small part of the land of planet Earth, which reaches about 150 million square kilometres. The proportion increases slightly if desert lands, which almost do not exist in Europe and account for about one third of total land, are subtracted from that total. However, although it contains only about one tenth of the land favourable to human life, since the fifth millennium BCE that Europe has a higher proportion of the human population on the planet. The following table quantifies this over the second half of the second millennium CE:

Time	World population (millions of people)	Population of Europe (millions of people)	Period	Average annual population growth in the world	Average annual population growth in Europe
≈ 1500	425	80	16th to 18th centuries	0.3%	0.3%

Time	World population (millions of people)	Population of Europe (millions of people)	Period	Average annual population growth in the world	Average annual population growth in Europe
≈ 1800	900	180	19th century	0.6%	0.8%
≈ 1900	1625	390	20th century	1.3%	0.6%
≈ 2000	6000	730			

Source: Maddison, 2001 and calculations based on it.

In summary, the proportion of Europe's population to the world's population was almost one fifth at the end of the first half of the second millennium, still about one fifth at the end of the 18th century, culminated as almost one quarter at the end of the 19th century and declined to about one eighth by the end of the 20th century. From another perspective, it can be said that European population density remained at about twice the world average from the end of the 15th to the end of the 18th century, increased to about two and a half times the world average in the late 19th century and dropped to just over 20% above the world average in the late 20th century.

Immediate causes: demographic movements

Population variations must be explained by demographic movements: physiological movements, that is to say, births and deaths; and migratory movements, that is to say, immigration and emigration. Thus, population increases, such as those that occurred in Europe over the 16th to 20th centuries, must necessarily result from excess births over deaths, or immigration over emigration.

The relatively moderate population growth in Europe between the 16th and 18th centuries resulted from an equally moderate excess of births over deaths. In fact, both birth and death rates were usually at levels above 3% of the population per year. During this period, migratory movements did not play a relevant role in the variations of the European population.

During the first half of the 19th century, Europe's population increase was also the result of a now more significant excess of births over deaths. More precisely, and compared with what were the traditional patterns of physiological movements, there was a reduction in mortality (to levels below 3% of the population per year and tending to lower) and a relative birth stability (still close to 3% of population per year). During this period, migratory movements continued to play no significant role in the variations of the European population.

This situation began to change in the late first half of the 19th century and became completely different in the second half of the 19th century and until the First World War. During this period, over 40 million Europeans migrated to other parts of the world. The increase in population in the second

half of the 19th century resulted, therefore, from an accentuation of excess births over deaths. Now, in this area too, there were changes towards a clear decline in birth rates (which became less than 3% of the population per year and began to move away downwards from this level). Europe's population increase (and the surplus of migrants to the rest of the world) was therefore mainly the result of an even steeper decline in mortality.

The first half of the 20th century was a turning point: the emigration of Europeans to other parts of the world tended to cease from World War I on; mortality tended to stabilize (close to 1% of the population per year, a level that would become normal from then on), although it had exceptional peaks in the years of the world wars and immediately thereafter, either because of the effects of war in general, or because of the epidemics of influenza and typhus that marked the end of the second decade of the century; birth rates accentuated their downward movement. The combined effect of these changes was a brake on growth.

Slower growth continued during the second half of the 20th century. Like mortality, birth tended to stabilize (both close to 1% of the population per year). The relatively small population growth that naturally resulted from these stabilizations was only countered by the emergence of migratory movements from other parts of the world (mainly Africa and West Asia) to Europe, movements that reached close to 20 million people.

In summary: the increasing demographic importance of Europe in the world during the 19th century, followed by its decreasing demographic importance in the world during the 20th century, is explained in terms of demographic movements by the passage of a traditional demography (with relatively high birth and death rates close to each other) to a transition demography (with reduction first of the death rate and later of the birth rate) and then to a modern demography (with relatively low and close birth and death rates). This effect was gradually accentuated throughout the 20th century by the successive shift of other parts of the world from traditional to transition demography (and only very partially attenuated in the second half of the 20th century by the passage of some of these parts of the world from transition demography to modern demography).

It should be stressed that a regional analysis would show that the process of this changeover was not simultaneous in the various parts of Europe: it took place earlier in north-western Europe, a little later in Mediterranean Europe and even later in Eastern Europe. These differences naturally had the effect of extending over time (and generally attenuating at any given moment) the impact of successive passages from traditional demography to transition and then modern demography. It should be noted that these successive passages took in each area of Europe between a little over half a century and a little less than a century, but the process on the continent as a whole took over a century and a half.

Ultimate causes: way of life and living standards

The explanation for the fact that, over the course of seven millennia, Europe has permanently maintained a greater proportion of the world's population than its share of non-desert land is the difference in ways of life between the populations of the various parts of the world. In fact, when, in the fifth millennium BCE, a part of the European population started to have a way of life based on a farming economy, that is to say, agriculture and livestock, only a significant part of the Asian population and a small part of the African population had the same way of life. Most of the rest of humanity still had a way of life based on a predatory economy, that is to say, hunting, fishing and gathering vegetables.

As the population density allowed by a way of life based on a farming economy, even purely pastoral, is clearly higher than the population density allowed by a way of life based on a predatory economy and the difference is even greater if the farming economy is predominantly agricultural, as has always been the case in most of Europe, the higher population density of Europe may be explained by its precocious adoption of the farming way of life and by the fact that Europe was also the region of the world in which the way of life based on a farming economy became dominant at an earlier epoch (the third millennium BCE) and even practically exclusive (what happened in the first millennium BCE). It was also one of the first regions of the world in which a way of life based on the differentiation between city and country developed (which happened in the second millennium BCE) and one where that way of life became dominant earlier (which happened in the first half of the first millennium CE) and even practically exclusive (what happened in the first half of the second millennium CE). It was also one of the first regions of the world where a way of life based on long-distance trade was established (what happened in the first millennium BCE) and one where that way of life became dominant earlier (what happened in second half of the second millennium CE) and even practically exclusive (what happened also in the second half of the second millennium CE). These new ways of life, based on the differentiation between the city and the countryside, and on long-distance trade, also allow some increase in population density. It is not surprising, therefore, the situation that existed in the late 18th century: Europe had a population density of twice the world average, because it had a way of life based on a farming economy, on the differentiation between town and country and in long-distance trade, while in vast regions of the rest of the world there were still lifestyles based on a predatory economy, a predominantly pastoral farming economy, an economy without the differentiation between town and country, or an economy without long-distance trade. Admittedly, some regions of the rest of the world, such as China, India, Iraq, Egypt and Japan, already had population densities much higher than the European average. However, these regions as a whole did not have a larger area than Europe.

The additional gap created in the 19th century between Europe and the rest of the world in terms of population density can be considered the effect of a new way of life, now a specifically

European innovation resulting from modern economic growth: a way of life based on a transformation economy, that is to say, an economy in which industry and services take a major weight in economic activity. In more concrete terms, the new way of life led to a rise in the average standard of living, that is to say, the consumption of goods and services per inhabitant, and it is this rise in the average standard of living that triggered the facts that directly changed demographic movements.

In fact, the high traditional mortality rates were a structural consequence of two main factors: food shortages and uncontrolled endemics. At first, it was the rise in the standard of living associated with the phenomenon of modern economic growth that stimulated the drop in the mortality rates, by improving the food situation and creating conditions for the generalization of hygiene habits that make it difficult the spread of the diseases. At a later stage, it was the progress of medicine, particularly through the preventive instrument consisting of vaccines and the curative instrument consisting of antibiotics, which consolidated the low mortality rate. The high standard of living allows for the existence of a food and health situation today that keeps the mortality rate at relatively low levels, despite the unfavourable pressure resulting from the age structure of the population.

For their part, the high traditional birth rates were a structural consequence of the absence of micro-social fertility control, only offset by macro-social fertility control schemes such as celibacy or late marriage. The decline of birth rate resulted from the availability of micro-social fertility control techniques and their effective use by the population in general as it gained economic and cultural access to those techniques. The high standard of living and changing sexual and marital habits of the population today keep the birth rate at relatively low levels.

Finally, the traditionally low level of migratory movements was a consequence of the relatively weak capacity of transport, particularly land transport. The increase in migratory movements can be explained by the progress of transport, particularly land transport with the emergence of rail, of aquatic transport with the emergence of the mechanical propulsion ship and the emergence of air transport. Of course, migratory movements are heavily dependent on the demographic gradient: regions with high population growth (which in the contemporary world mainly mean regions with transition demography) tend to become emigrant emitters, while regions with low population growth (which in the contemporary world mean above all regions with modern demography) tend to become immigrant recipients. They also depend heavily on the economic gradient: the less prosperous and slower-growing regions tend to become emigrant emitters, while the more prosperous and faster-growing regions tend to become immigrant recipients. At the same time, they still depend on political constraints: politically unstable regions tend to become emigrant emitters, while politically stable regions tend to become immigrant recipients.

All of this helps, of course, to explain the tendency for the rapid closing of the population density gap between Europe and the rest of the world during the 20th century. More generally, it can be said that it was the formation of the contemporary world economy and the spread of modern economic growth that, through the homogenization of ways of life and living standards, has tended to end

Europe's demographic exceptionalism in the world. Such process can reasonably be expected to continue for a while in the evolution of humanity.

B – THE ECONOMIC IMPORTANCE OF EUROPE

Some data

As in the previous section, it is important to begin by considering the evolution of a proportion, now the ratio of economic activity in Europe to economic activity in the world.

The following table quantifies the evolution of this proportion over the second half of the second millennium CE:

Time	World economic activity (billions of euros at 2000 prices)	Europe's economic activity (billions of euros at 2000 prices)	Period	Average annual growth in world economic activity	Average annual growth of Europe's economic activity
≈ 1500	250	60	16th to 18th centuries	0.3%	0.4%
≈ 1800	700	225	19th century	1.4%	1.7%
≈ 1900	2700	1250	20th century	2.6%	2.0%
≈ 2000	35000	9000			

Source: Maddison, 2001 and calculations based on it.

The ratio of the economic activity in Europe to the economic activity in the world was thus almost one quarter by the end of the first half of the second millennium, rose to about one third by the end of the 18th century, culminated slightly below half in the late 19th century and came down to about one quarter in the late 20th century. It is clear that the existing data on the level of economic activity is much less reliable than the one on population. However, there can be no doubt that, as the proportion of the European population in the world population has traditionally exceeded the proportion of Europe's area to the land area of the World, so too does the proportion of economic activity carried out in Europe to the economic activity carried out in the world traditionally exceed the proportion of the European population in the world population. This means, in other words, that the

average income of Europeans is traditionally higher than the average income of all human beings. The following table quantifies this over the second half of the second millennium CE:

Time	Average income in the world (euros at 2000 prices)	Average income in Europe (euros at 2000 prices)	Period	Average annual growth in average income in the world	Average annual growth in average income in Europe
≈ 1500	590	750	16th to 18th centuries	0.1%	0.2%
≈ 1800	780	1250	19th century	0.8%	0.9%
≈ 1900	1660	3200	20th century	1.3%	1.4%
≈ 2000	5830	12330			

Source: Maddison, 2001 and calculations based on it.

Thus, the average income per capita of Europeans exceeded the average income per capita worldwide by about 25% by the end of the 15th century, by about 60% by the end of the 18th century, by about 90% by the end of the 19th century and by more than 100% by the end of the 20th century. Economic growth in Europe was therefore always superior and increasingly superior to the growth of the population.

Immediate causes: ways of life and productivity

The results of economic activity are a function of the natural resources, human resources and produced resources used in that activity (that is to say, the amounts of the factors of production) and how those resources are transformed into goods and services (that is to say, the production function). Quantities of natural resources are given and as a rule not changeable by human action (although it is possible to improve the knowledge and efficient use of available natural resources). The amounts of human resources depend mainly on the existing population (of course not the entire population is economically active and the rate of activity may vary depending on the population's age, gender structure and cultural factors, but such variations occur within relatively limited limits). The quantities of produced resources depend on past economic activity and the share of the proceeds from that activity that was not consumed and was invested to form the future production base. Finally, the production function depends on the technology used, the organization of productive activity and the degree of functional, sector and regional specialization of economic activity. These elements in turn depend on the existing knowledge and its practical translation in production, in particular on the quality of the available human and produced resources.

All of this leads once again to the way of life of each human society as an explanation and fundamental proximate cause of the level of production and its proportion to the human resources used (that is to say, productivity) and to the existing population (that is to say, the average income per capita). In fact, the successively more sophisticated ways of life referred to in the previous section – way of life based on a predatory economy; way of life based on a farming economy; way of life based on the separation between the city and the countryside; way of life based on long distance trade; way of life based on a transformation economy – provided successively larger surpluses, which partly translated into an increase in population (and of the human and produced resources available) and partly in an increase in average income per capita. It can, however, be noted that it was above all the shift to the way of life based on a transformation economy, that is to say, modern economic growth, which provided the largest increases in population and above all in living standards during the 19th and 20th centuries.

Of course, a regional analysis would show that modern economic growth did not occur simultaneously in the various parts of Europe, as noted above: it began in north-western Europe and then spread to Mediterranean Europe and still later to Eastern Europe. These differences naturally had the effect of extending over time (and generally attenuating at each specific moment) the growth of average productivity and income per capita in Europe as a whole. This explains why the average income per capita of Europeans has continued to grow compared to the average income per capita of the world to date, which cannot be expected to continue in the future.

Indeed, there is also a tendency in this area to close the average per capita income gap between Europe and the rest of the world, due to the spread of modern economic growth and the resulting homogenization of the ways of life and standards of living. In any event, it is reasonable to expect that Europe's exceptionality in the world from an economic point of view will last even longer than Europe's exceptionality in the world from a demographic point of view, although everything points to a reduction of both over the next years of the evolution of humanity.

Ultimate causes: innovations and structural foundations of European development

The explanation for the changes of the way of life, with the resulting increases in surpluses, productivity and average income per capita, is the introduction of innovations in economic activity. The innovation of cultivation, that is to say, of artificial intensification of the spontaneous productivity of nature, gave rise to the transition from predation economies to farming economies; the innovation of sector specialization of economic activities led to the separation of the countryside and the city; the innovation of regional specialization of economic activities led to the formation of world-economies; and a large number of smaller innovations have provided increases of surpluses, productivity and average income per capita over time. This role of innovations is particularly important in establishing

the way of life based on a transformation economy, that is to say, in triggering modern economic growth. In fact, modern economic growth is based on the systematic application of scientific knowledge to economic, technological, organizational and spatial innovations; and such a process is permanently consolidated by the use of increasing amounts of resources in research and development activities, the purpose of which is, directly or indirectly, to generate additional innovations relevant to economic life.

The most difficult question this analysis raises is, of course, to identify the factors that made Europe (more precisely some regions of Europe) the cradle of the process of modern economic growth. Some observations may be advanced in this regard. A first point to note is that Europe, between the 15th and 17th centuries, made contact by sea with most of the rest of the world; this allowed Europe to dominate economic relations between the various economies that still remained relatively self-sufficient in various parts of the world (and was the first step towards the formation of the contemporary world economy, which became also dominated by Europe in its early phases). A second point to note is that Europe distinguished itself from the rest of the world in that, between the 16th and 18th centuries, it extended the way of life based on a farming economy, with differentiation of countryside and city and long-distance trade, to practically all its territory and all its population, a fact that did not occur in any other region of the world with comparable extent. A third point to note is that Europe developed at the same time important cultural innovations, particularly in the scientific and doctrinal realms, and spread them to an exceptionally significant fraction of the population compared to what was the usual spread of high culture in traditional societies.

All of this helps to characterize and understand the advantages that Europe had over the rest of the world when it started the process of modern economic growth. However, it does not explain why Europe acquired these advantages, when other societies, such as Islam, India, or China, might seem as or more inclined to acquire them at the end of the first half of the second millennium CE. Such an inquiry, however, does not fit the scope proposed for this text.

C – THE POLITICAL IMPORTANCE OF EUROPE

Perhaps the domain of social life in which the rise and the decline of Europe's role in the world was most evident was that of politics. And of course the most conspicuous indicator of this rise and fall of Europe's political role in the world is the political dominance of peoples and territories in other parts of the world by European states.

The Euro-Atlantic world-society and the first colonial era

It has already been pointed out in Chapter 1 that since the time of the existence of Western Christendom that European society had displayed a remarkable dynamism of political expansion,

which was materialized in particular in the crusades. It was, however, in the 15th to 19th centuries that this dynamism reached its greatest intensity. On the one hand, the traditional invasions of the European continent by peoples from the Eurasian steppe ceased – the last major invasion was that of the Mongols, who in the 13th century dominated a significant part of Russia and the Balkans and attacked with military success, but without effective conquest, Hungary and Poland. Even the traditional attacks of Islamic states on Europe lost their strength, although the Ottoman Empire remained a first-rate power in the Mediterranean, the Balkans and the Danube Valley, and the Maghreb states maintained an endemic piracy threat against European merchant navies in the Mediterranean and Atlantic coast of Morocco until the late 18th century and even the early 19th century. On the other hand, some national societies of Western Europe started, since the 15th century, the process of formation of the Euro-Atlantic world-society and its links to other societies then existing. At the same time, Russia was involved since the 16th century in a process of expansion into Lower Volga and Siberia, which in the 18th century would extend to the shores of the Black Sea, the Caucasus, the Lower Danube and Turkestan and even Alaska, and Austria was involved since the late 17th century in a process of expansion into the Middle Danube and the Balkans.

As a result of these processes, it can be said that, at the beginning of the 19th century, the major European powers – Austria, France, Great Britain, Prussia and Russia – dominated the Euro-Atlantic world-society and were already presenting themselves as possible dominant powers at world level. Although this possibility was for the moment being largely unfulfilled, even because there was no real world society, it was already confirmed by the political dominance of territories outside Europe by European states.

This domain was especially important in the American continent: all of the Antilles and Caribbean and about half of the area of North and South America, where the overwhelming majority of its population lived, were colonies of European states. Five colonizing powers clearly stood out in this process – Spain, France, Great Britain, the Netherlands and Portugal. However, the proclamation of the independence of the United States from Britain in 1776 and the recognition of that independence by the former European metropolis in 1783 heralded what would become the fate of most of the European colonies: political autonomy. By contrast, European possessions in Africa and Asia still covered only a very small part of these continents, and it may be suggested that this was due to entirely different reasons across regions. In sub-Saharan Africa, whose western coast was deeply involved in Euro-Atlantic world-society as a provider of slave labour to America, the absence of significant European possessions must be explained as a result of the inability of Europeans to resist local diseases, especially malaria. In Africa north of the Sahara and Asia, the absence of significant European possessions must be explained as a result of the still generally superficial involvement of these regions in Euro-Atlantic world-society and the political and military resilience of the states of these regions.

The contemporary world society and the second colonial era

Throughout the 19th century, the possibility of the major European powers becoming the major (and almost the only) significant powers at a world level became a reality, especially as a consequence of the process of planetization of Euro-Atlantic world-society, which transformed it into the contemporary world society.

Admittedly, the first third of the century saw the end of what may be termed the first colonial era in Europe. In fact, almost all the colonies of Spain, the colony of Portugal and a colony of France in America followed the example of the United States of America and became independent, with greater or lesser resistance from their respective metropolises. This process of political decolonization gave rise to a set of seventeen Spanish-speaking states, a Portuguese-speaking state (Brazil) and a French-speaking state (Haiti) on the American continent. As a consequence of this process, during the second third of the 19th century, Europe's colonial vocation seemed to be regressing.

At the same time, however, the process of modern economic growth created the conditions that would allow the final stages of the planetization of Euro-Atlantic world-society, that is to say, its transformation into the contemporary world society and created the conditions for the major European powers to acquire the ability to impose themselves politically, by force if necessary, on any non-European society (the only exceptions were the overseas extensions of Europe, that is to say, societies of European origin established in other parts of the world, in particular the United States of America). This paved the way for a new wave of imposition of European political colonization in the last third of the 19th century. In this second European colonial era, almost all of Africa and the Pacific Islands and a significant part of Asia became colonies of European states. European political dominance over the rest of the world thus reached a new height at the turn of the 19th to the 20th century.

It is worth adding some remarks about this second colonial era in Europe. The first to point out that the range of major colonial powers expanded to include some new 19th-century European states – Germany, Belgium and Italy. The second to underline the importance of modern economic growth as a driver of this new outbreak of European political colonization, either directly, by providing the means to overcome the diseases that had previously constituted the major obstacle to the political colonization of sub-Saharan Africa and to overcome political and military resistance that had previously constituted the major obstacle to the political colonization of Africa north of the Sahara and Asia, or indirectly by boosting the formation of the contemporary world economy, an economic process of which European political colonization was largely the political counterpart. The third to draw attention to the fact that the European political impact on the world is greatly underestimated when viewed from the narrow perspective of colonization. Finally, to note that Europe's own overseas extensions have also been involved in the process of political colonization – the role of the United States of America in the Pacific, in particular with the conquest of Hawaii and the Philippines, and in

the Antilles and Caribbean, in particular with the conquest of Cuba and Puerto Rico, should be highlighted (even if Cuba and the Philippines later became independent).

Europe's political decline in the 20th century

Throughout the 20th century, the major European states lost the status of major world powers, mainly due to the rise of the United States to hegemonic status, in the first half of the century still with the rivalry of the major European powers (Germany, France, Great Britain and Russia), from the mid-century to the 1980s still with the rivalry of the Union of Soviet Socialist Republics (the result of Russia's political transformation), thereafter without any significant rivals (despite the rise of some new powers at a world level, notably China).

This loss of political importance of the European states at a world level translated, in the third quarter of the 20th century, into a process of decolonization that almost completely erased the European colonial empires. The possessions of European states outside Europe were reduced to small territories in the Antilles and Caribbean, Indian Ocean and Pacific Ocean administered by three of the most traditional European colonizing powers – France, Great Britain and the Netherlands (plus two small territories maintained by Spain in North Africa).

Of course, it can be argued that the role of the states that were previously characterized as overseas extensions of Europe in the world political life is maintained, or even increased, by the United States of America assumption of the position of the world hegemonic power. It cannot be ignored, however, that if European culture continues to play a dominant role at world level – this topic will be further addressed below – from a political point of view Europe's overseas extensions have also gradually moved away from the influence of their former European metropolises throughout the 20th century, and it may even be suggested that, especially in the case of the relationship between the United States of America and Great Britain, the predominance of the European side gave way entirely to that of the American.

The foundations of the rise and decline of major European powers as major world powers: size, development and cohesion

The reasons for these processes of rise, apogee and decline of Europe's role in contemporary world political life need to be further explored.

To this end, it must be borne in mind that political science, in the study of international relations, recognizes that size, development and cohesion are the basis of the existence of a great power. This approach naturally bases the explanation of the ability of states to project power on aspects of social life outside politics.

The size of a country or region can be assessed in geographical terms (its territorial extent), in demographic terms (its population), or in economic terms (the level of its economic activity). In Chapter 1, the main disadvantages and advantages of Europe in geographical terms have already been pointed out – relatively small territorial extension, but almost total absence of areas not suitable for human settlement. Therefore, the political division of Europe meant that even the largest European states have always had relatively small territories in a world context (the only one that managed to become an exception was Russia, expanding into Siberia and eventually becoming a Eurasian state). However, the high population density slightly compensated for the small territorial extension and the high level of development largely offset the small demographic weight of Europe as a whole and of the major European states in particular during the height of Europe's power in the world. The demographic and economic aspects of this process have already been analysed in the previous two sections of this chapter.

The development of a country or region is usually rated in economic terms (the average income of the population). It has already been pointed out that the precocity of modern economic growth in some regions of Europe was the basis of Europe's power in the world during its apogee.

The cohesion of a country or region is usually assessed in cultural terms (homogeneity of language, religion, or other relevant indicator). In this respect, it can be said that the political division of Europe, which made European states relatively small in size at a world level, was partially offset as the majority of European states became culturally quite homogeneous. More precisely, there was a clear tendency for the political division of Europe to take place according to the national state model, homogeneous in linguistic and religious terms and with linguistic specificity. This has made the European states generally cohesive and in particular the largest European states to be exceptionally cohesive compared to the larger states of other regions of the world.

The foundations of the rise and decline of the major European powers as major world powers: the allocation of resources

Assessing the size, development and cohesion of a country or region, however, provides only knowledge of available resources. The question of the allocation of these resources should also be considered. Possibly the most useful analysis of this issue starts from an economic perspective, considering the alternative application of resources available in civilian consumption, military consumption and investment. Civil consumption provides the private and public goods necessary to meet the needs of the population. Military consumption provides the public goods necessary for projecting the power of a society. Investment provides the private and public goods necessary to ensure the maintenance and expansion of the economy's productive capacity and, therefore, the availability of resources over time.

Considered in this light, the time of relative rise of Europe in the world between the 15th and 19th centuries was characterized by the priority given to investment over consumption and some priority given to military over civil consumption. Only seemingly paradoxically, these priorities eventually created a society where per capita civil consumption was exceptionally high, thus meeting the needs of the population, while economic growth and the capacity to project power were equally high.

In contrast, Europe's relative decline in the world during the 20th century was characterized during the first half of the century by some priority given to military consumption not only over civilian consumption but also over investment, and in a second phase by the priority accorded to the civil consumption over investment, with military consumption falling to the bottom of the social agenda. As a result, during the first half of the century, Europe witnessed some decline in its economic dynamism, without guaranteeing the maintenance of its capacity to project power and even to meet the needs of the population in relation to the expectations of that population; in the second phase, Europe was able to regain the degree of satisfaction of its needs and even its economic dynamism, but at the expense of a significant loss of its capacity to project power.

D – THE CULTURAL IMPORTANCE OF EUROPE

Of all areas of social life, culture is possibly the one where the impact of elements of European origin remains most significant today. But in this area too, an image of rise and fall of the importance of Europe in the world is inevitable.

The European cultural projection in the world: languages

An analysis of the present linguistic map of the world shows that while Europeans are only about one-eighth of the world's population, about a quarter of the world's population has a mother tongue of European origin and almost half of the world's population speaks a language of European origin. In other words, the linguistic importance of Europe in the world is far greater than its demographic importance and even its economic importance. On the other hand, no other region of the world has a linguistic importance comparable to that of Europe. In fact, languages of Chinese and Indian origin are also mother tongues of about a quarter of the world's population. However, this linguistic importance of China and India is a mere consequence of their demographic importance and is not reflected in the form of language learning by a significant number of people outside their region of origin.

The importance of languages of European origin is even more pronounced if one considers the official languages of the world's leading organizations: four (English, Spanish, Russian and French) out of six (plus Chinese and Arabic) are of European origin. And of course it must be stressed that

English has become the true *lingua franca* of contemporary world society, being known by at least a quarter of the world's population.

From another perspective, it can be said that the only language of non-European origin that is an official and common language in Europe is Turkish (mother tongue of less than one hundredth of the population of Europe, if the population of the territory of Turkey in Anatolia is not included; Turkey as a whole has a population that is now over one tenth of that of Europe). By contrast, about two thirds of all non-European countries have an official language of European origin and in more than half of them this language of European origin is also a common language.

This linguistic importance of Europe in the world is, of course, a consequence of its past political importance. It is likely that the lower demographic dynamism of Europe and Europe's overseas extensions will in the future contribute to a reduction in Europe's linguistic importance in the world in terms of mother tongues. However, the world hegemony of the United States of America, whose official and predominantly current language is English (and whose second current language is Spanish), will tend to act in the opposite direction as regards the linguistic importance of Europe in the world in terms of global communication languages. In the meantime, attention should be drawn to the following fact: the largest countries where some of the major languages of European origin in today's world play the role of official languages and common languages are not European countries. In fact, the largest Spanish-speaking country is Mexico, the largest English-speaking country is the United States of America, and the largest Portuguese-speaking country is Brazil. The question might be asked to what extent Spanish, English and Portuguese can be considered today primarily European languages.

The European cultural projection in the world: religions

An analysis of the religious map of the world shows that the main doctrines of European origin are now accepted by almost half of the world's population: Christianity accounts for around 30%, of which almost half (or around 15% of the total) corresponds to the Roman Catholic Church; atheism and agnosticism also for about 15%. The other major doctrines of worldwide projection are Islam, followed by about one fourth of humanity, Hinduism followed by about 15% of humanity, and Buddhism followed by about 8% of humanity. About one tenth of humanity remains linked to other doctrines.

This religious importance of Europe in the world is also, of course, a consequence of its past political importance (and the traditional proselytizing of the various Christian confessions, clearly followed by the liberal and socialist lay doctrines which are the main basis for the spread of atheistic and agnostic attitudes). There is no reason to suppose that the tendency for the predominance of religions and religious attitudes of European origin in the world will change in the future. In today's world, the only doctrine that shows a capacity for diffusion similar to that of religions and religious

attitudes of European origin is Islam. However, not only does Islam have a lower number of followers than Christianity and atheism and agnosticism, it has a much narrower geographical distribution than any of these religions and religious attitudes of European origin. Admittedly, Islam is even of some importance in Europe (about one twentieth of the population, to which an additional one tenth would have to be added if the population of Turkey in Anatolia is taken into account), but it is only dominant in Africa North of the Sahara, West Asia, Turkestan, part of India and Indonesia and has significant expression in some neighbouring regions of Africa and Asia. By contrast, Christianity and atheist and agnostic attitudes predominate throughout the rest of the world except South and East Asia.

The additional question that may be posed, however, is similar to that which has already been raised above in the consideration of languages: to what extent should Christianity and atheistic and agnostic attitudes be considered today primarily European doctrines ? The Roman Catholic Church may serve as an example. Its headquarters are in Europe (in Rome, as the usual name implies), but the Roman Catholic Church claims a universal character and the countries with higher numbers of faithful in the world are once again American countries, Brazil, Mexico and the United States of America, followed by another non-European country, the Philippines.

The relative decline of European culture in the 20th century

While the European cultural projection in the world is undoubtedly important, particularly in the linguistic and religious fields, as just discussed, there can also be no doubt that Europe has lost weight as a place of cultural innovation throughout the 20th century. It is not easy to measure or even systematically illustrate this fact, but an interesting approximation may be given by the awarding of the Nobel Prizes, generally considered since their inception in 1901, as the greatest recognition of relevant contributions in various scientific fields (physics, chemistry, physiology and medicine, and, since 1969, economics). European scientists received almost all of the prizes during the first quarter of the 20th century, most of the prizes during the second quarter of the 20th century, and a decreasing minority of prizes from the mid-20th century on. Americans, almost absent as laureates during the first quarter of the 20th century, were gradually gaining in importance and have almost always become the majority of laureates since the mid-20th century (the first year in which no European scientist was awarded was 2006). The conclusion is inescapable: cutting-edge scientific research is now done predominantly in the United States rather than in Europe, unlike a century ago.

E – FROM THE DECLINE OF EUROPE TO THE EUROPEAN UNION

The process of relative decline of Europe in the world, visible in all aspects of social life, as shown in the various sections of this chapter, has been discernible from its inception to a part of the European intellectual elite. One of the proposed answers to the problem presented since the first half of the 20th century was the peaceful and democratic union of the peoples of Europe. This project of European union as a way to maintain Europe's control of its own destiny and a relevant role of Europe in the world implied a profound alteration of the relationship between the European peoples, which traditionally was one of mutual nationalist hostility. It can be said that initially the main promoter of this project was Richard Coudenhove-Kalergi, an Austrian, defender of a European federation, who managed to meet in Vienna in 1926, a Pan-European Congress, in whose conclusions the idea of a European confederation was sustained. Three years later, the French Foreign Minister Aristide Briand himself presented before the League of Nations the proposal to establish a federal bond between the European member states of the League, followed by a "Memorandum on the Organization of a European Federal Union Regime" prepared by Alexis Léger, collaborator of Briand. None of these ideas and proposals had any practical follow-up.

Moreover, they suffered from significant ambiguity in the conception of the relationship between the peoples of Europe and the rest of the world, because of the potential contradiction between a peacefully and democratically united Europe and the submission to Europe of a group of non-European peoples. They also faced the challenge of another avenue for the European Union: that of hegemony of one of the European peoples over the others. Now, this route was tried twice during the first half of the 20th century by Germany, triggering with these attempts the conflicts that were known by the designation of world wars. Both times the attempt failed. Indeed, in order for the project of a peaceful and democratic European union to begin to be truly put into practice, it was necessary to defeat these attempts at hegemony of the European space by one of the European peoples and to suppress the colonial project from the political horizon as an essential project for some European countries. How this happened is the subject of the following chapters.

PART TWO

STAGES OF THE PROCESS OF EUROPEAN INTEGRATION

CHAPTER 3 – THE BEGINNINGS OF THE PROCESS OF EUROPEAN INTEGRATION (1947-1958)

The process of European integration, which led to the existence of what is today the European Union, began in the immediate second post-war of the 20th century. Its structural significance and framework have already been examined in the previous chapter. The study of the meaning and short-term framework of its start requires a brief consideration of the situation of the World and Europe in the wake of the conflicts commonly referred to together as World War II, in which all the major powers of the World and of Europe were gradually involved from 1936 to 1941 and that became a global war between late 1941 and mid-1945.

A – THE WORLD IN THE SECOND POSTWAR OF THE 20TH CENTURY

The main powers

The United States of America was the undisputed winner of the war. They had played a crucial role in the conflicts in which they had directly participated – in the Pacific against Japan and in Western European and the Mediterranean alongside Britain against Germany – and decisively influenced those in which they had only relatively indirect involvement – in East Asia between China and Japan and in Eastern Europe between the Soviet Union and Germany. Of all the great world powers it was the only one that had not suffered invasion of its territory or significant destruction of its material resources and it was the one that suffered the least destruction in its human resources (less than half a million dead). With one of the largest territories, one of the largest populations, the largest economy and the highest degree of development among the major powers, with a clear internal cohesion of their society and a particularly relevant sphere of influence in the American continent and the Pacific, but extending to practically the whole world, there could be no doubt about their future hegemonic role in world life.

Only the Union of Soviet Socialist Republics could present itself as a potential rival of the United States of America at a world level. It had only participated directly in the conflict in Eastern Europe, suffered the invasion of its territory and considerable material and human losses (over twenty million dead), but managed to be politically reinforced with the extension of its sphere of influence in Eastern Europe and Asia. It had a territory and a population of the same order of magnitude as the United

States of America. The much smaller size and clearly lower level of development of its economy, however, prevented potential rivalry from manifesting itself as an immediate challenge to the worldwide hegemony of the United States of America. Another relative weakness of the Soviet Union, the lower internal cohesion of its society, was in the short run disguised by the still clearly overwhelming weight of the Russian people and the political regime of communist party dictatorship.

None of the other major European powers – Germany, France and the United Kingdom of Great Britain and Northern Ireland – were able to play a relevant role at the world level. Germany had been vanquished, suffered major material and human destruction (over six million dead) and was militarily occupied by the victors (United States of America, France, Great Britain, and the Soviet Union). France, though formally a winner and relatively spared in terms of material and human destruction (about half a million dead), had been occupied by Germany for several years and had a territorial, demographic and economic size of an order significantly smaller than that of the United States of America and the Soviet Union. It is true that it had a sizable colonial empire, but it did not present the national cohesion that metropolitan society could guarantee. Its degree of development was clearly superior to that of the Soviet Union, but clearly inferior to that of the United States of America. Britain, though a winner, never occupied by the enemy and also relatively spared in terms of material and human destruction (less than half a million dead), had similar problems to France: its territorial, demographic and economic size was of an order of magnitude clearly inferior to those of the United States of America and the Soviet Union, only compensated by a colonial empire without the national cohesion that metropolitan society presented; the degree of development was clearly higher than that of the Soviet Union, but clearly lower than that of the United States of America.

Nor were any of the other major non-European powers able to play a relevant role at world level. The only non-European power that had a territorial and population size of the order of magnitude comparable to that of the United States of America and the Soviet Union was China. However, China had serious structural problems – low development – and short-term difficulties – recent occupation by Japan, major material and human destruction (absolute death toll similar to the one of the Soviet Union) and civil war between the nationalist government and communist rebels, who were to take power in 1949, restricting the nationalist government to Taiwan. These problems weakened her significantly. The only non-European power that had a degree of development comparable to that of the Soviet Union (though clearly inferior to that of the United States) was Japan. However, Japan had similar problems to those of Germany: it had been defeated, had suffered major material and human destruction (over two million dead) and was militarily occupied by the United States of America.

The situation in Europe

In Europe, all countries of the continent except Spain, Ireland, Portugal, Sweden and Switzerland had been involved in World War II; all involved except Great Britain had suffered defeat

and occupation by their enemies at one or another stage of the conflict; even Britain itself had been the target of strategic bombing; even countries not directly involved in the conflict had suffered major supply disruptions due to military and economic warfare operations. Thus, the destruction of material and human resources and the difficulty in restoring normal levels of economic activity and in reconverting the orientation of that economic activity from the military ends to which it had generally been directed in the previous years towards the civil purposes that were needed in subsequent years were general.

The projects of establishing a new world order

The new world order that the victors of World War II tried to establish after the end of the conflict had, of course, a political aspect, whose main objective was to ensure peace, overcoming the problems that had led to the two world wars of the first half of the 20th century, and an economic aspect, whose main objective was to ensure prosperity, overcoming the problems that had led to the situation known as the Great Depression, which the world economy had experienced between 1929 and 1933 and whose consequences had lasted until the eve of the Second World War.

The political side of the new world order projects was basically embodied in one organization, the United Nations (UN), which sought to be a forum for solving world problems through international cooperation, particularly in the strictly political field. The main organs of the UN were: a General Assembly, made up of all member states, that made decisions (not mandatory) by simple majority; a Security Council of five permanent members – the top five World War II winners, the United States of America, the Union of Soviet Socialist Republics, the United Kingdom of Great Britain and Northern Ireland, France and China – and six non-permanent members (later this number was increased to ten) elected by the General Assembly, which made (mandatory) decisions by simple majority, with permanent members having veto power; and a Secretary General, elected by the General Assembly on recommendation of the Security Council and responsible for the administrative apparatus of the organization and for implementing the decisions of the various organs.

Associated with the UN, there were specialized organizations to deal with the various fields of international cooperation and regional economic cooperation committees. Among the former were previously existing organizations such as the International Labour Organization (ILO), or organizations created at the time, such as the United Nations Educational, Scientific and Cultural Organization (UNESCO). Among the latter was the Economic Commission for Europe, whose action would be practically irrelevant due to the division of the continent into American and Soviet spheres of influence, as it will be considered below.

The economic aspect of the new world order projects was prepared by two conferences: the United Nations Monetary and Financial Conference, held in Bretton Woods in 1944; and the United Nations Conference on Trade and Employment held in Havana in 1947 and 1948. The Bretton Woods

Conference resulted in the creation of the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD). The IMF was an organization whose main purpose was to ensure the functioning of an international monetary system based on fixed exchange rates (with the possibility of parity modification in the event of structural balance of payments imbalance) and full convertibility (with restrictions on the movement of capital in situations of necessity) among the various national currencies. Member countries undertook to abide by these rules and to surrender part of their gold and exchange reserves and a national currency quota to build the fund itself, which would be used to provide financial assistance to member countries with short-term difficulties in the balance of payments. The IBRD was an organization whose main purpose was to support the reconstruction of war-affected countries and the development of non-industrialized countries. The Havana Conference resulted in the Havana Charter, according to which an International Trade Organization (ITO) should have been set up. Its main purpose was to promote progress towards free trade among the member countries, which would commit to generalize among themselves the most favoured nation treatment and to negotiate reductions in barriers to international trade.

The new world order in reality

In practice, it can be said that the political side of the new world order was eventually established, but the economic side was not fully established. This was mainly a consequence of the bipolarization of the international system in the so-called cold war between the United States of America and the Soviet Union, which can be considered an inevitable result of the relative power of these two world powers, already considered above.

Politically, this implied that the UN was overcome as an effective place for international political decision making in favour of direct negotiation between the two major powers.

Economically, this implied that the IMF and the IBRD were actually created, but only covered countries with market economies, leaving out countries with centrally planned economies. As for the ITO, it was not even created due to the hesitation of the United States of America to commit itself to a policy of reducing customs protectionism. This led to the replacement of the Havana Charter as the fundamental framework of international trade among countries with market economies by the General Agreement on Tariffs and Trade (GATT), signed in 1947, with similar but less demanding commitments, especially since, instead of the ITO, only a Secretariat was set up to coordinate the activities covered by the Agreement: accession of new Contracting Parties; registration of exceptions allowed by the Agreement to the most favoured nation rule; and conducting negotiation rounds to reduce barriers to trade. It should be noted that the exceptions allowed by the Agreement to the most favoured nation rule could be negative, through exceptional elevations of customs duties for economic or political reasons, or positive, through the establishment of preferential trade areas, free trade areas (involving the abolition of barriers to trade between various customs areas) and customs unions

(involving not only the abolition of barriers to trade between various customs areas, but also the adoption of a common external tariff).

GATT exceptions involving European countries

It is worth noting that European countries were involved in a significant number of positive exceptions to the GATT.

Firstly, it should be noted that there were preferential commercial treatment areas joining countries with colonial possessions and these possessions. Great Britain, France, Portugal, Belgium, the Netherlands, and Spain were in these circumstances. In the case of Great Britain, the preferential commercial treatment space still encompassed the so-called British Commonwealth, corresponding to domains and other former British colonies. There was also a free trade agreement between Great Britain and the Republic of Ireland, also resulting from the previous political link between the two countries broken in 1921.

In 1944 it was signed in London between the governments of Belgium, the Netherlands and Luxemburg, then in exile in Great Britain, a treaty establishing a customs union between the three countries. This treaty entered into force in 1948. It should be noted that it was largely an extension of a previously existing space, the economic union between Belgium and Luxemburg, established in 1921, which even involved a monetary union. About a decade later, in 1958, the same three countries signed a new treaty, the Hague Treaty, to transform the customs union into an economic union, a treaty that entered into force in 1960. The customs union, later the economic union, between Belgium, the Netherlands and Luxemburg is commonly known as BeNeLux (from the initial syllables of the names of the three countries in their national languages).

The immediate post-war period in Europe: economic aspects

Some of the organizations that framed the new international political and economic order immediately began to play relevant roles in the life of Europe in the immediate post-war period. On the one hand, the United Nations Relief and Rehabilitation Administration (UNRRA) provided emergency humanitarian aid to the continent's regions with higher needs. On the other hand, the International Bank for Reconstruction and Development (IBRD) provided loans for some initiatives to rebuild war-affected economic activities. Funding for this support to Europe was mainly provided by the United States, as might be expected. The results of these actions were positive in that they alleviated the difficulties experienced in various parts of Europe and contributed to the resumption of economic activities that otherwise could not have taken place. They were, however, far from allowing a return to what might be considered normal. The major problem was the shortage of foreign currency to buy

from the United States, often the only viable supplier, the equipment and raw materials needed to return to normal levels of activity.

The immediate post-war period in Europe: political aspects

While facing the economic problems just mentioned, Europe was also carrying out the political aftermath of World War II.

At the international level, there was, as a rule, a return to the borders that had been established following the First World War. The main exceptions were, of course, to the detriment of the defeated countries: Germany lost all territories east of the Oder River and its tributary Neiss (East Pomerania and southern East Prussia to Poland; northern East Prussia to the Soviet Republic of Russia); Italy lost the Dodecanese Islands (to Greece) and Istria (the south to the Yugoslav Republic of Croatia, the north to the Yugoslav Republic of Slovenia); Finland lost Karelia (to the Soviet Union); and Romania lost Bessarabia (to the Soviet Republic of Moldova) and northern Bucovina (to the Soviet Republic of Ukraine). However, some winning countries were also forced to cede territories to the Soviet Union: this was the case of Czechoslovakia (which ceded Ruthenia to the Soviet republic of Ukraine) and Poland (which ceded Podolia to the Soviet republic of Ukraine, Volynia to the Soviet Republic of Belarus and the Vilnius region to the Soviet Republic of Lithuania). Germany remained divided into four occupation zones until 1949, when the Federal Republic of Germany was formed with the American, British and French occupation zones (in May) and the German Democratic Republic in the Soviet occupation zone (in October). There was, however, no signing of peace treaties, no mutual recognition of the new German states, and the winning troops ended up remaining in Germany, now as a guarantee of the division of the country. On the contrary, Austria was able to agree a peace treaty with the winners in 1955, thus ending the presence of occupying forces on its territory. Two territories remained for some time with indefinite sovereignty and provisional autonomy: Trieste until 1954, when the city became part of Italy and the south of its region became part of the Yugoslav Republic of Slovenia; and Saarland until 1955, when the population decided by referendum to become part of the Federal Republic of Germany, which took place in 1957. It should also be recalled that three states established after World War I, Estonia, Latvia and Lithuania had become Soviet republics in 1940 (thus bringing the membership of the Union of Soviet Socialist Republics to fifteen: Armenia, Azerbaijan, Belarus, Estonia, Georgia, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan) and that Yugoslavia adopted a federal structure with six constituent republics (Bosnia and Herzegovina, Croatia, Slovenia, Macedonia, Montenegro and Serbia, which had two autonomous regions, Kosovo and Vojvodina).

At the national level, the most important change was the move towards the spread of communist party dictatorship political regimes (and the associated central planning economic system) from the Soviet Union to Eastern Europe, more precisely to the countries that had been liberated from

German occupation by the Soviet army (Bulgaria, Czechoslovakia, Hungary, Poland and Romania) and to countries where their respective communist parties had managed to dominate the national resistance against the German occupation and then the formation of new governments following liberation (Albania and Yugoslavia). To these countries could be added two Soviet-occupied zones, East Germany and East Austria. The first would become the basis of another distinct state, the second was not viable for such a move. In the cases of Albania and Yugoslavia, one-party communist regimes were eventually created, quite similar to those that had existed before World War II in the Soviet Union (and also in Mongolia and Tuva, the latter annexed to the Soviet Republic of Russia in 1944). In the cases of Bulgaria, Czechoslovakia, Hungary, Poland and Romania (and later the German Democratic Republic), there were formally multi-party regimes, but in practice dominated, even legally, by their respective communist parties, regimes known as people's democracies.

In comparative terms, the political changes in Western Europe were relatively small. Strictly speaking, only the transformation of Italy from monarchy to republic should be noted, following a referendum that removed the former king, irremediably linked to the fascist regime.

B – AMERICAN AND SOVIET SPHERES OF INFLUENCE IN EUROPE

The Marshall Plan and the formation of the European Economic Cooperation Organization and the Mutual Economic Assistance Council

In 1947, the United States government decided to modify its policy of support to Europe. This decision can be considered the result of two distinct concerns. On the one hand, emergency humanitarian aid was mainly benefiting countries where communist party dictatorships were being established, what did not fit the geo-strategic interest of the United States. On the other hand, loans for reconstruction of war-affected economic activities were clearly insufficient to allow normal activity levels to be resumed and to anticipate the end of the need for aid, as noted above. In order to overcome these two drawbacks, American aid should be increased, its time-limit set and its use improved through cooperation between its beneficiaries in Europe. Adherence to this cooperation would define a more or less extensive American sphere of influence in Europe depending on the retreat that might be achieved in the consolidation of communist party dictatorships.

The new American policy was announced by Secretary of State George Marshall in a speech given on June 5, 1947 at Harvard University and gave rise to what became known as the Marshall Plan. The United States government proposed to create an Economic Cooperation Administration (ECA) to manage aid to Europe. American aid was offered to all countries in Europe, except Spain, as

its political regime was then considered by the United Nations as analogous to those defeated in World War II. The offer therefore covered both Western European countries with democratic political regimes, a Western European country with a conservative party dictatorship (Portugal), those Eastern European countries where communist party political dictatorships were being consolidated and even Soviet Union.

It is worth noting that the difference in treatment of the two Iberian countries, both with conservative party dictatorship regimes, was formally based on the fact that the Portuguese regime was the result of a purely internal military coup (which occurred in 1926) and that the Spanish regime was the result of a civil war (fought between 1936 and 1939) between the republican government and military rebels that eventually restored the monarchy, a war in which the rebels had received support from the national socialist government of Germany and the fascist government of Italy. Indeed, it is reasonable to speculate that the geostrategic role of the military bases ceded by Portugal to the United States in the Azores during World War II and maintained after the conflict and the absence of any analogous role at the time by Spain contributed powerfully for the existence of the difference.

As early as June 1947, representatives of France, Great Britain, and the Soviet Union met in Paris to discuss the American aid proposal, and it was clear that the first two countries intended to accept this aid and the third to reject it. Then, between July and September 1947, the sixteen countries that accepted the American offer – Austria, Belgium, Denmark, France, Great Britain, Greece, Iceland, Ireland, Italy, Luxemburg, Norway, Netherlands, Portugal, Sweden, Switzerland and Turkey – met in the Paris Conference. Also present were representatives from the American, British and French occupation zones in Germany and from the part of the Free Territory of Trieste under American and British administration (which corresponded to the city). It was then decided to set up the Organization for European Economic Cooperation (OEEC) to manage American aid from the European side. The OEEC was actually created in 1948 through the Treaty of Paris.

American aid was rejected by nine European countries. Seven of them – Albania, Bulgaria, Czechoslovakia, Hungary, Poland, Romania and the Soviet Union – created in 1949 the Council of Mutual Economic Assistance, also known as COMECON, which would become the organization of economic cooperation between the countries of centrally planned economies and with political regimes of communist party dictatorships. In 1950, COMECON was eventually joined by the German Democratic Republic, created in the Soviet occupation zone of Germany, which, of course, had also rejected American aid. Yugoslavia, although it also had a centrally planned economy and a political regime of communist party dictatorship (and rejected American aid), did not join COMECON due to political differences with the Soviet Union within the international communist movement. Finland, although it had a market economy and a democratic political regime, rejected American aid and did not join the OEEC, under pressure from the Soviet Union, but became an associate member of COMECON (although it was never actively involved in the life of the organization). In fact, Finland was at that time in a situation of conditioning of its action at international level by the Soviet Union, a

situation that became known as finlandization, even if it was spared the military occupation and the imposition of a centrally planned economy and a political regime of communist party dictatorship.

Consolidation of American and Soviet spheres of influence in Europe

The American and Soviet spheres of influence in Europe revealed by the division concerning the Marshall Plan were soon consolidated from the political and military point of view.

Already in 1948, Belgium, France, Great Britain, Luxemburg and the Netherlands formed a military alliance called the Western Union. It was an organization that could make sense against a possible German revival, but was clearly irrelevant against the potential Soviet threat. In this context, American support was clearly necessary, and it was formalized by the 1949 Washington Treaty, which created the North Atlantic Treaty Organization (NATO), of which were initial members the United States of America, Belgium, Canada, Denmark, France, Great Britain, Iceland, Italy, Luxemburg, Norway, the Netherlands and Portugal. During the period considered in this chapter, also became members Greece and Turkey in 1952 and the Federal Republic of Germany in 1955. Meanwhile, also in 1955 the Western Union was replaced by the Western European Union of which Belgium, France, Great Britain, Italy, Luxemburg, the Netherlands and the Federal Republic of Germany were members. However, this organization never played any major role. The basis of Western European defence against the potential Soviet threat had become the American commitment, formalized in the Washington Treaty, to consider any attack on its NATO allies as an attack on the United States themselves and the deployment of American troops in Europe to guarantee that commitment. It is worth noting that, by American imposition, the Washington Treaty commitment was restricted to the territories of the member countries in Europe and North America and to the waters of the North Atlantic and the Mediterranean north of the Tropic of Cancer and did not cover the colonial territories of some of the European members.

As a formal reaction to the entrance of the Federal Republic of Germany to NATO, in the Soviet sphere of influence in Europe a rival military alliance, the Warsaw Treaty Organization (commonly known as the Warsaw Pact), was also formed in 1955. Its members were the same countries that were already part of COMECON, namely Albania, Bulgaria, Czechoslovakia, Hungary, Poland, the German Democratic Republic, Romania and the Soviet Union.

Meanwhile, in 1948 a European Congress had met in The Hague. Despite its unofficial character (comparable to the 1926 Vienna Congress referred to in the previous chapter), it can be said that it was from there that came the impetus for the creation, in the next year, of the Council of Europe, a political cooperation organization between the countries of Western Europe with democratic political regimes. Its members were Belgium, Denmark, France, Great Britain, Ireland, Italy, Luxemburg, Norway, the Netherlands and Sweden. During the period considered in this chapter, also later became members Greece and Turkey in 1949, Iceland, the Federal Republic of Germany and

Saarland in 1950 and Austria in 1956. Saarland naturally ceased to be a distinct member of the Council of Europe when it joined the Federal Republic of Germany in 1957. Among the most important initiatives of the Council of Europe in the very early years of its existence was the approval of the Convention for the Protection of Human Rights and Fundamental Freedoms, commonly known as the European Convention on Human Rights, and the establishment of the European Court of Human Rights in 1950.

C – THE ACTIVITY OF THE OEEC AND THE BEGINNINGS OF THE EUROPEAN COMMUNITIES

Areas of cooperation and decision-making in the OEEC

Of all the organizations mentioned in the previous section, it was the OEEC that played the most central role in initiating the European integration project, particularly in the economic field. Indeed, it was in its context that cooperation initiatives were launched not only for the use of American aid, as was explicitly the purpose of the organization, but also for all aspects of economic life, in particular in the monetary and commercial fields.

As would be normal in an international organization encompassing sovereign states, decision-making in the OEEC was in principle unanimous and no deliberation of the organization could be imposed on a member state against its will. Without breaking this principle, however, it was admitted at the outset that deliberations could be put into effect that would not arouse opposition from any member state, even if they did not obtain all the votes in favour. Thus, more expeditious decision-making rules were established that retained the right to veto but did not block initiatives in which some member states were not interested in participating directly.

From European payment agreements to the European Payments Union (EPU)

It was not easy to put in practice the new IMF-backed international monetary system. The shortage of dollars for imports of goods that only the United States were able to satisfy prevented the rule of full convertibility from being immediately applied by most countries that became members of the IMF in the early years of its existence. Restrictions on convertibility for capital movements were almost general, and even current payments between most European countries were conditioned by bilateral agreements dating from the time of the Great Depression and World War II.

The year 1947 was marked by the British attempt to restore full convertibility of the pound sterling, including the convertibility into gold for the central banks of IMF member countries at the price of 1 ounce troy = 4 pounds 15 shillings. This convertibility would have allowed the pound to rival the dollar as an international means of payment, as the dollar was the only currency that had gold convertibility under the said terms at the price of 1 ounce troy = 35 American dollars. It would also have allowed for an easy restoration of full convertibility, at least for current purposes, by many European countries, whose reserves consisted largely of British currency. The attempt, however, was a failure, as the convertibility only lasted between 15 July and 20 August. This only confirmed the difficulty of overcoming the stalemate in effectively enforcing the rules of the new international monetary system.

In these circumstances, the first step to facilitate intra-European payments was taken already in 1947 through a multilateral payment agreement between Belgium, France, Italy, Luxemburg and the Netherlands, signed on 18 November, which provided for the establishment of a clearing house between the signatory countries, the Bank for International Payments (an organization set up in 1930 to manage the payment of German reparations related to World War I) being the agent of this clearing house. The following year, it was naturally in the context of the OEEC that this step was generalized. On 16 October 1948, the first European Payments Agreement was signed providing for the establishment of a clearing house now among all the member countries of the organization, once again the International Payments Bank being chosen as the agent of this European payments system. These Agreements facilitated international payments between European countries and reduced the amounts of international means of payment required to settle their international payments, but did not overcome the difficulties still experienced by countries with outstanding balances to settle their positions. In fact, they provided that the so-called first-class balances, corresponding to reductions in creditor balances, would be automatically paid, but that the payment of so-called second-class balances, corresponding to increases in creditor balances, depended on the agreement of the debtor countries. These difficulties were alleviated by the second European Payments Agreement, signed on 7 September 1949, which provided for the use of American aid from the Marshall Plan to finance the balances due for compensation.

It should be noted that the European Payment Agreements were preceded by the separation of German currency areas, which consolidated the country's division between the American and Soviet spheres of influence and paved the way for the creation of two German states. Thus, in June 1948 a monetary reform was implemented in the American, British and French occupation zones of Germany, replacing the Reichsmark (German mark in circulation since the German currency reform of 1924) with the Deutsche Mark (which would later become the currency of the Federal Republic of Germany). In response, the following month a parallel currency reform was implemented in the Soviet occupation zone of Germany, replacing the Reichsmark with a separate Deutsche Mark (which would later become the currency of the German Democratic Republic).

As a matter of fact, the European Payment Agreements did not prevent a currency crisis from occurring in September 1949, with a widespread realignment of European currencies triggered by a 30% devaluation of the pound sterling against the dollar. In any event, once the European Payment Agreements were implemented, the next natural step would be to make the scheme of the second European Payments Agreement permanent. This was achieved through the agreement on the establishment of the European Payments Union, signed on 7 July 1950. In the context of the Union, full convertibility for current payments was restored and it was determined that the multilateral balances should be partially paid in gold or dollars and partially added to outstanding balances. A scheme was also established allowing credit balances to be received in excess of the payment of outstanding balances. To compensate for the excess that creditors should receive in gold or dollars over what debtors should pay in the same means of payment, the Union was provided with a 350 million American dollars starting fund (naturally from Marshall aid). The Bank for International Payments was again chosen as the agent for the European payment system. In order to protect against disturbances such as the one resulting from the widespread readjustment of parities of September 1949, the Union's accounting was carried out in units of account equal to 0,888 761 g of fine gold (that is to say, 1 American dollar).

Trade cooperation in the OEEC

The implementation of a multilateral payment system between OECD member countries was a decisive step towards the smooth flow of trade between them. This fluidity was further increased by the widespread agreement to abolish the existing non-tariff protectionist (mainly quota) schemes, a decision that was implemented throughout the 1950s.

However, when efforts were made to reduce tariff barriers to trade by taking advantage of the positive exceptions to the most favoured nation rule that existed in the GATT, divergences quickly emerged. Some of the highly developed OEEC members – the Federal Republic of Germany, Belgium, France, Italy, Luxemburg and the Netherlands, commonly known as the 'six' – supported the creation of a customs union (that is to say, the abolition of customs duties between OEEC members and the adoption of a common external tariff). The remaining highly developed OEEC members – Austria, Denmark, Great Britain, Norway, Sweden and Switzerland, commonly known as the 'other six' – supported the creation of a free trade area (that is to say, the abolition of customs duties between OEEC members, but without the adoption of a common external tariff). The five medium-developed members of the OEEC – Greece, Iceland, Ireland, Portugal and Turkey – expressed reservations, even to the establishment of a free trade zone, because they feared the potentially negative consequences for their development processes of a complete removal of customs barriers in relation to more developed OEEC members. It turned out to be impossible to reach an agreement. Particularly decisive in this context was Britain's opposition to the scheme of a customs union, because the

adoption of a common foreign tariff would force it to renounce its preferential customs agreements with the countries of the Commonwealth.

The European Coal and Steel Community (ECSC)

In view of the impossibility of deepening economic cooperation throughout the OEEC due to divergences concerning trade, the 'six' decided to move towards the formation of a common market for the coal and steel sector, whose proposal, drawn up by Jean Monnet, High Commissioner for the French Plan, was publicly presented by French Foreign Minister Robert Schuman on 9 May 1950, the fifth anniversary of the end of World War II in Europe. As Britain declined the invitation to join the project, the 'six' signed in April 1951 the first Treaty of Paris, which entered into force in July 1952, establishing the European Coal and Steel Community (ECSC).

The fundamental feature of the ECSC was that it was a supranational organization, that is to say, the member states transferred part of their sovereignty to the organization. This transfer of sovereignty was primarily based on the ability of the High Authority, which was the executive of the Community, to exercise its powers independently of and without mediation by the national authorities and to finance its activities by levying taxes on coal and steel activity. The High Authority consisted of nine members appointed by national governments for six-year terms (it became the rule of the High Authority to have two members from each of the largest member countries – Federal Republic of Germany, France and Italy – and one member from each of the smaller member countries – Belgium, Luxemburg and the Netherlands). The other organs of the Community were: the Council, made up of representatives of national governments and chaired in turn by the representative of each country for a period of three months, with the task of coordinating the action of the High Authority with the economic policy of each member state; the Assembly, made up of members designated by the national parliaments, with the task of overseeing the action of the High Authority; the Court of Justice, made up of seven judges appointed by common accord between the governments of the member states for six-year terms, with functions of conflict resolution relating to the application of the Treaty; and the Advisory Committee, made up of representatives of businesses and consumers linked to the sectors involved in the Community, with functions of support for the High Authority.

In addition to the economic importance of the coal and steel sectors involved in this first experience of a common market and the political significance of the supranational character of the established organization, it is important to underline the military, and therefore also political, importance of the sectors concerned. The idea that the commitment to the ECSC corresponded to a commitment to structurally end hostilities between the powers involved, particularly between France and Germany, which had faced war three times in the previous hundred years, was a key aspect of the project.

The European Defence Community (EDC) and its failure

By the time the first Treaty of Paris establishing the ECSC came into force, the same 'six' had already signed in May 1952 a second Treaty of Paris establishing the European Defence Community (EDC). The proposal made public in October 1950 by the French Minister of Defence René Pléven aimed at placing the armed forces of the member countries under a common command, thereby enabling the new Federal Republic of Germany's military potential to be used in the common defence against the perceived Soviet threat, without reconstituting independent German armed forces.

This significant advance towards political and military cooperation between the 'six' failed, however, to succeed because of opposition from a large part of the French political forces. The so-called 'Gaullists' (supporters of General De Gaulle, who had led the French resistance to German occupation during World War II and stepped down from power after the war for failing to win the constitutional draft bill he advocated) and the Communists converged, for different reasons, to block the ratification of the second Paris Treaty in the French parliament against the EDC-supporting liberal and socialist forces, and were successful in this manoeuvre.

The failure of the EDC did not prevent the rearmament of Germany, which the promoters of this failure wanted to avoid. Indeed, the creation of the armed forces of the Federal Republic of Germany (1954) and the country's accession to NATO (1955) were eventually imposed by the United States, leading, as noted above, to the formal establishment of the Warsaw Pact as a response of the Soviet sphere of influence in Europe.

The Messina Conference

The failure of the EDC also did not prevent further efforts to deepen economic cooperation between the 'six'. These efforts were made mainly at the Messina Conference of June 1955, which paved the way for negotiations aimed at extending the common market scheme tried and tested for coal and steel sectors in the ECSC to the economy as a whole, and particularly to the sector of the use of atomic energy for peaceful purposes (in particular energy production) as opposed to its use for military purposes. In preparing the treaty proposals for the new organizations, a committee was set up, known as the Spaak Committee (named after the Belgian Minister for Foreign Affairs, Paul-Henri Spaak, who chaired that committee). The report of this committee, commonly known as the Spaak Report, was the basis of an Intergovernmental Conference held in Val Duchesse (Brussels) between June and October 1956, which prepared the Treaties to be signed in Rome on 25 March 1957.

The European Monetary Agreement (EMA)

In the meantime, most of the EPU member countries were gradually re-establishing freedom of foreign exchange trade. This enabled the European Monetary Agreement (EMA), under which all multilateral balances of the European clearing system were to be paid in gold or dollars, to be signed on 29 July 1955. As a matter of fact, the EMA could not enter into force until 27 December 1958, but payments made through the multilateral clearing system tended to become residual, although a European Monetary Fund was created at the same time (starting with the balances of the European Payments Fund and which could be reinforced with member states' contributions) to provide short-term assistance to European countries that might have difficulty settling their balances under the system.

Negotiations for a free trade zone

Great Britain reacted to the progress towards completing the institutional scheme of the European Communities by re-launching in July 1956 the project for a free trade area covering the whole of the OEEC. Although the British initiative was generally interpreted as merely attempting to disrupt the parallel negotiations between the 'six', negotiations on the establishment of a free trade area covering the whole of the OEEC indeed began, led by a commission known as the Maudling Committee (named after its chairman, the British Minister of Trade). The negotiating positions of the various parties, however, were not flexible enough to reach an agreement. The 'six' sought to avoid diluting the customs union they were just starting to build in a wider free trade area. The 'other six' sought to maintain their tariff autonomy. In particular Britain sought to restrict the free trade area to industrial products to secure its internal market for Commonwealth suppliers of agricultural products. This displeased the 'six', major producers of some agricultural goods, and the medium-developed countries, whose exports were still mostly made up of agricultural goods. Most of the medium-developed countries were unavailable for an immediate commitment to the free trade area, especially with the exclusion of agricultural products and the lack of financial support for their development processes. Only Portugal adopted a relatively innovative negotiating position, accepting the immediate commitment to a free trade area only for industrial products, in return for financial support and only requesting as a particular rule a slower tariff disarmament schedule and the possibility of introducing tariff protection to infant industries. Although it was clear that the chances of success were slim, the negotiations dragged on until August 1959, when France unilaterally terminated them.

The European Atomic Energy Community (Euratom) and the European Economic Community (EEC)

Meanwhile, two treaties had been signed in Rome on 25 March 1957, one creating the European Atomic Energy Community (Euratom) as the second sector common market of the 'six', the other creating the European Economic Community (EEC) as global common market of the 'six'. The EEC aimed in the long term at the formation of a customs union, the free movement of goods, people and capital, the freedom to provide services and the introduction of common rules, in particular as regards competition, and common economic policies, in particular as regards agriculture, fisheries and social issues.

The new Communities had ECSC-like bodies: a Euratom Commission and an EEC Commission, equivalent to the ECSC High Authority, but with less supranational powers; a Euratom Council and an EEC Council, equivalent to the ECSC Council, but with a more central role in decision-making; a Scientific and Technical Committee with advisory functions for Euratom equivalent to those of the ECSC Advisory Committee; and an Economic and Social Committee, with EEC advisory functions equivalent to those of the ECSC Advisory Committee. The Assembly and the Court were common to the ECSC, Euratom and the EEC. The Euratom and EEC Commissions were of the same composition as the ECSC High Authority, but now, in the case of the new Communities, with four-year terms of office for members. The Councils of the Euratom and EEC also had identical composition to the ECSC Council, maintaining the rule of the rotating presidency now, however, in the case of new communities for periods of six months. Decisions in the Councils were made by a double majority rule: majority of member states and qualified majority of votes weighted by country size. The Assembly increased the number of its members and it was foreseen that its members could be elected by direct suffrage and not designated by the national parliaments.

A practical limitation of supranationality in the two new Communities concerned their financing. While proposing for the long term the existence of the Communities' own resources, the Treaties provided for their immediate financing by contributions from the member states. They were thus in a weaker position than the ECSC, which was financed by its own taxes.

The Treaties of Rome entered into force on 1 January 1958. Movement towards tariff disarmament and uniformity among the EEC member countries started one year later. During that year there was a political crisis in France that brought General De Gaulle back into power. Fears that the new leader would reverse the policy of European integration in the wake of the non-ratification of the EDC treaty were unfounded. In fact, it turned out to be the OEEC free trade zone negotiation process that was the only victim of the new French government's greater rigidity.

The Treaty of Rome establishing the EEC provided for the establishment of an economic association between the entire Community area and the colonial possessions that some of its members held on the African, American and Asian continents and the creation of a European

Development Fund to support the construction of infrastructure in these territories. It should be noted that the French overseas departments (Guadeloupe, Martinique, Guyanne, Réunion and, until the independence of Algeria in 1962, Algiers, Constantine and Oran) were not in this situation, as they were fully incorporated into the European Communities as part of France.

The European Free Trade Association (EFTA)

In view of the implementation of Euratom and the EEC and the failure of negotiations for the establishment of a free trade area covering all OECD members, the 'other six' highly developed OEEC members started negotiations for the establishment of a free trade area for industrial products among themselves, forming a rival trading block to EEC. As Portugal complained about its exclusion from these negotiations, given the opening to be part of the free trade area presented in previous years in the context of the OEEC, it was also admitted to the meetings held in Saltsjöbaden (near Stockholm), which allowed agreement on the Stockholm Convention, which created the European Free Trade Association (EFTA) in 1960. The EFTA was an intergovernmental organization, without any supranational powers and with decision-making rules similar to those adopted in the OEEC, the purpose of which was to establish a free trade area for industrial products. The participation of Portugal (one of the medium-developed countries in the OEEC) in the EFTA naturally involved the acceptance of a special status for that country, with a slower tariff disarmament schedule than for the other participants and the possibility of introducing temporary tariff protection to infant industries. In addition, Portugal also managed in bilateral negotiations some facilities for the export of its agricultural products to other EFTA members.

Unlike the ECSC, Euratom and EEC, the EFTA did not involve any association of the overseas spaces linked to two of its member states, Great Britain and Portugal. It was thus possible for these two countries to remain simultaneously involved in various free trade or customs preference spaces: in the case of Great Britain, the EFTA, the British Commonwealth, comprising the British colonial empire and former British colonies, and the free trade area with Ireland; in the case of Portugal, the EFTA and the Portuguese economic space, encompassing the Portuguese overseas provinces (note that the Portuguese colonial empire had been formally abolished in the early 1950s, the former colonies being renamed overseas provinces).

From OEEC to OECD

The end in the mid-1950s of the process of American aid to Europe known as the Marshall Plan and the establishment at the end of the decade of two trading blocks, from which some member states were excluded, caused a clear obsolescence of the OEEC. In the meantime, the organization had received Spain as an associate member in 1957 and a full member in 1959.

Thus, it was naturally that in 1960 it was agreed to the extinction of the OEEC and the constitution in its place of the Organization for Economic Cooperation and Development (OECD), of which the eighteen members of the OEEC, Canada and the United States of America were the initial members. The OECD has since become an organization of economic cooperation encompassing countries with highly developed or emerging market economies.

D – EVOLUTION OF COMECON AND YUGOSLAVIA

Developments during the period under consideration in countries with centrally planned economies and political regimes with communist parties dictatorships were characterized by a very favourable economic situation, as a result of economic growth which soon resumed pre-Second World War production levels and set out to recover from the relative backwardness when compared to Western Europe accumulated throughout the past era of modern economic growth. At the same time, however, there were some political difficulties, materializing in the deepening of the divergence between the Soviet Union and Yugoslavia, and with some shocks within the members of COMECON themselves.

Relations between the Soviet Union and Yugoslavia

The deepening divergence between the Soviet Union and Yugoslavia (and consequently between COMECON and Yugoslavia) led Yugoslavia to seek to present itself worldwide since the mid-1950s as one of the leaders of the so-called non-aligned movement, which mainly grouped newly decolonized countries in an attempt to escape the dichotomy of the American and Soviet spheres of influence. From an internal point of view, however, this did not change the nature of the communist party dictatorship or the centrally planned economy of the Yugoslav regime.

COMECON

From a formal point of view, COMECON was a typical intergovernmental organization: fundamental decisions were taken unanimously at a session of the Mutual Economic Assistance Council, without even a rule allowing non-blocking abstention, similar to that adopted in the OEEC. Decisions were put in practice by an Executive Committee and various subordinate organizations. In practice, the effectiveness of COMECON always depended crucially on the political situation, in particular on the evolution of relations between the Soviet Union and the other members.

During the period now under consideration, the political situation was never conducive to a deepening of economic integration among the COMECON member states. In a first period, priority was given to the consolidation of the political regime of communist party dictatorship and the centrally

planned economic system, which was based on an attitude of economic nationalism, partly offsetting the rigid political alignment with the Soviet sphere of influence. In a second phase, economic and political reforms carried out in the Soviet Union itself following the death in 1953 of Josef Jughashvili (commonly known by his underground name, Stalin), the country's effective leader since the late 1920s, paved the way to a nationalist political reaction against Soviet hegemony in some of the countries within its sphere of influence, particularly the German Democratic Republic (1953), Poland (1956) and Hungary (1956). The political repression of this reaction had to be accompanied by the postponement of any plans to break with the economic nationalism of the previous phase.

E – THE MEANING OF THE FIRST STEPS OF EUROPEAN INTEGRATION

About a decade and a half after the end of World War II, the first steps towards the process of European integration had been taken, as has just been examined.

These first steps towards the process of European integration were made in the context of a very favourable cyclical economic situation, characterized by a growth of the economy of Western Europe, which corresponded not only to the rapid resumption of previous production levels after World War II, but also the beginning of a recovery process of the relative backwardness compared to the United States of America accumulated over the first half of the 20th century. It is possible to interpret this growth of the Western European economy as a sign of the success of the Marshall Plan and there can be no doubt that American aid contributed powerfully to stimulate and facilitate it. However, it should not be ignored that Eastern Europe, which refused American aid, also experienced a very favourable economic situation, as pointed out above. In other words, there were no significant differences in performance over the period considered in this chapter between the capitalist market economies of the countries of the American sphere of influence in Europe and the centrally planned socialist economies of the countries of the Soviet sphere of influence in Europe.

The first steps towards the process of European integration, however, led to the division of the American sphere of influence in Europe into two rival economic blocs: the bloc of the European Communities and the bloc of the European Free Trade Association. This division, which was of great importance for the future of the process, must be understood as a result of three factors: the struggle for hegemony in the process between the France - Germany axis and Great Britain; a different conception of Europe's relationship with the rest of the world; and the difficulty of renouncing national sovereignty.

The struggle for hegemony in the process of European integration between the France - Germany axis and Great Britain was the natural inheritance of the role of great world powers that these three countries had played until World War II. That the alignments in this struggle did not

coincide with the alliances that had prevailed during the conflict can be considered natural in the face of the traditional regularities of the so-called European balance and the relative weakness of the two continental powers against Great Britain in the wake of World War II. Just as Germany's relative superiority had spawned an alliance between Great Britain and France in the first half of the 20th century, so Great Britain's relative superiority brought France and Germany closer in the second post-war period.

Europe's relationship with the rest of the world was changing profoundly. Europe's relative weakening vis-à-vis the United States of America and the Union of Soviet Socialist Republics was beginning to make unsustainable the maintenance by European states of the colonial empires they had built mainly in the late 19th century, at a time of clear European hegemony in the world. Great Britain's renunciation of the Empire of India in 1947 and the American refusal to cover the colonial empires under NATO guarantees in 1949 heralded the dawn of the epoch of neo-colonialism, in which the great powers would no longer hold direct sovereignty over colonial empires and would exert informal influence over formally independent states. The various European colonial powers were gradually and with difficulty adapting to this transformation. Great Britain abandoned formal sovereignty without much resistance, extending the tradition open with the autonomy of Canada (1867), Australia (1901), New Zealand (1907) and South Africa (1911), but fought for permanence of strong economic ties with the British Commonwealth. France engaged in exhausting colonial wars, especially in Indochina (until 1954) and Algeria (until 1962), seeking support from Germany and the other developed countries of continental Europe in these struggles, but eventually adopted a neo-colonialist strategy. Belgium, Spain and the Netherlands have evolved similarly to France, especially as their resources did not allow them to maintain colonial wars without serious damage to their own prosperity. Only Portugal resisted longer, sustaining colonial wars in Angola, Portuguese Guinea and Mozambique until 1974.

The difficulty of renouncing national sovereignty by European states led to the solutions of intergovernmental organizations with veto rights and supranational organizations with partial waving of sovereignty. These solutions were neither easy nor stable. The contradiction between the need to make decisions at European level and the impossibility of doing so without disrespecting the national sovereignty that is to be preserved, at least formally, would become a fundamental question of all subsequent developments in the process of European integration.

CHAPTER 4 – TOWARDS THE HEGEMONY OF THE EUROPEAN COMMUNITIES (1958-1973)

The decade that followed the entry into force of the Treaties establishing the European Communities and the European Free Trade Association witnessed the effective establishment of these economic spaces. This did not take place without some difficulties and changes in their initial design. Once this establishment was completed, it rapidly evolved into a reconfiguration of the spaces involved, which took place in the early 1970s with the first enlargement of the European Communities, EFTA becoming in a certain sense a satellite of the European Communities.

A – THE ESTABLISHMENT OF THE EUROPEAN COMMUNITIES

The implementation of the customs union

With regard to the European Communities, it should be noted first of all the effective implementation of the customs union provided for in the Treaty of Rome, with the gradual abolition of internal customs barriers and the gradual establishment of the common external tariff by 1969. This process implied the implementation of a common trade policy, that is to say, the negotiation at Community level of trade relations with third countries, and a common competition policy, that is to say, the existence of common rules on public support for undertakings and the limitation of agreements between them on pricing and market delimitation and the establishment of legal monopolies. It also called for the implementation at the same time of two other common policies, the common agricultural policy and the common fisheries policy, so that these sectors might be covered by the customs and economic union. The process was also supported by the establishment of the European Investment Bank and the European Social Fund.

European Investment Bank

The European Investment Bank was created by the Treaty of Rome establishing the European Economic Community as a long-term financing instrument for investment projects aimed at the enhancement of the less developed regions of the Community, the modernization or conversion of firms or the creation of new activities as a result of the establishment of the common market and

projects of common interest to various member states. It has also expanded its activity by financing the European Development Fund to support the associated developing countries.

European Social Fund

The European Social Fund was also created by the Treaty of Rome establishing the European Economic Community as an instrument for promoting employment and facilitating the redeployment of human resources needed in view of the greater national and regional specialization of production expected due to the abolition of obstacles to the movement of people and goods in the community space. In particular, its work focused on training for new roles for workers whose activity disappeared as a result of Community competition and on bringing the development of the various regions of the Community closer together.

The common agricultural policy

It was the difficulties of integrating the agricultural sector into the customs and economic union that required the rapid establishment of a common agricultural policy, as foreseen by the Treaty of Rome, which created the European Economic Community. Indeed, for reasons related to their different agricultural potential and the different characteristics of their rural societies, the various member countries of the European Economic Community had very different agricultural policies and maintaining these policies would necessarily lead to disruption of competition in a barrier-free space for movement of products of the sector.

In addition to creating the necessary conditions for the establishment of a customs and economic union covering all sectors of the economy, and hence also the agricultural sector, the objectives of the common agricultural policy were initially formulated as a guarantee of supply, the protection of the rural world, and the efficient use of resources. The supply guarantee was a natural priority in a Europe that had gradually become over the previous century dependent on the rest of the world for the supply of agricultural products and in which several regions had suffered harsh cutting experiments of this provision during the two world wars. Protection of the rural world was an equally crucial objective, especially from a social and political point of view, for most of the founding countries of the European Communities. Finally, the efficient use of resources was an objective that was primarily foreseen as a potential result of the technological and organizational modernization of the sector.

The mechanisms designed to achieve these objectives gave rise to the so-called common market organizations, which were successively implemented for the various products between 1962 and 1969. These mechanisms were, on the one hand, the existence of minimum import prices, ensured by the imposition of levies; on the other hand, the guarantee of minimum production prices

through public procurement on the domestic market, export subsidies to ensure the outflow of products to the international market, or direct support to producers to align production costs with the world market prices.

These were, of course, mechanisms with high direct costs: costs for the acquisition and storage of products in the internal market; export subsidy costs; and costs of direct support to producers. In order to meet these direct costs, the European Agricultural Guidance and Guarantee Fund (EAGGF) was created, which, as its name implies, aimed at guaranteeing minimum prices for production and at the same time guiding farmers through differentiated incentives for the various products. However, the equally high indirect costs of the common agricultural policy should not be forgotten: on the one hand, the generation of product surpluses due to production incentives; on the other hand, the increase in consumer prices generated by the levies and the guarantee of minimum production prices.

When assessed in terms of the objectives initially set, the results of the common agricultural policy can be considered mixed: the common agricultural policy enabled a customs and economic union to be effectively established across all sectors and succeeded in securing the supply of agricultural products to the European Communities by ensuring that the agricultural sector of the Communities directly supplies products which are suitable for their ecological characteristics and provides surpluses which pay for indirect supplies of products which are inappropriate for their ecological characteristics. It can also be said that it achieved the technological and organizational modernization of the sector that was initially identified with the efficient use of resources. On the other hand, however, it created problems in the efficient use of resources when viewed from a more rigorous economic perspective, by promoting the allocation of factors to the production of goods that would be obtained on the world market at lower cost for consumers and for Community finances. The agricultural sector, and with it the rural world, remained an important element of the European economy and society, as intended; however, the political importance of rural-based pressure groups became strong enough to tend to block attempts to alleviate the problems of efficient use of resources just noted.

The 'empty chair crisis' and the 'Luxemburg compromise'

In addition, the process of implementation of the common agricultural policy did not go smoothly, which eventually became important in the general functioning of the Communities. In 1965, the Council of Ministers made decisions on the contributions of the member states to the EAGGF by majority, against France's vote. This decision was perfectly legal under the Treaty of Rome, but France decided not to accept it and abandoned the meetings, causing what was known as the 'empty chair crisis'. The problem was not solved until the following year by what was known as the 'Luxemburg compromise'. It was an informal compromise that ensured that when any state invoked a

fundamental national interest in a resolution, others would refrain from deciding against its vote. In practice, unanimity therefore became indispensable for all important decisions.

The common fisheries policy

In 1970, a common market organization for fishery products was created, thus making the mechanisms already tried in the common agricultural policy generalized to this sector.

The existence of a common fisheries policy has, however, involved some specificities, resulting from fishing being an activity carried out outside the territory in the strict sense of the member states and therefore relating to the law of the sea, which was in deep change at the time. Indeed, the traditional conception of the sea as a free space for all economic activities, except for a relatively narrow strip adjacent to the national territory itself, the so-called territorial waters, was called into question by two facts. On the one hand, the free exploitation of deep-sea resources has in some cases become unsustainable due to the potential depletion of natural resources targeted by activities such as fishing; in other cases, inconvenient due to the high value of natural resources targeted by activities such as oil and natural gas extraction. On the other hand, the development of long-range weapons has rendered the control of relatively narrow territorial waters (traditionally three nautical miles, then generally extended to six and twelve) military irrelevant for protection.

As a result, there has been a tendency to widen the zones in which each state claims exclusive exploitation of the main economic resources of the sea, especially fishing and minerals. It was not the European states that initiated this process. However, they quickly became involved in it, with two main objectives: protecting their own resources and regaining access to resources traditionally used by their fishing fleets and blocked by enlargements of third party exclusive economic zones. In addition, they sought to act collectively in this process, making fishing one of the first areas to be effectively managed at Community level.

The merger of the bodies and budgets of the European Communities

The incident of the empty chair crisis and its resolution by the Luxemburg compromise coincided chronologically with another institutional amendment in the European Communities: the merging of their bodies and their budgets. Indeed, as a result of the Treaties of Rome, if the Assembly and the Court were common to the three European Communities, there were separate ECSC High Authority, Euratom Commission and EEC Commission, and separate Councils for each one of the Communities. In 1965, the Treaty of Brussels agreed to merge the High Authority and the Committees on the one hand and the Councils on the other, with a single Commission and a single Council, although the Commission and the Council retained different powers with regard to different communities. At the same time it was agreed to draw up a single budget for the three Communities,

although in this area too the funding rules remained distinct. This merger of bodies and budgets, agreed before the crisis of the empty chair, only took place after the Luxemburg compromise as early as 1967.

The association of other European countries

Since its inception, the European Communities have been a centre of attraction for non-member European countries and non-European countries.

Non-member European countries seeking privileged relations with the European Communities included some of the OEEC members who had been left out of European trade blocks in the late 1950s. Greece in 1962 and Turkey in 1964 obtained an association status, which pointed to possible long-term membership. Spain obtained a preferential customs treatment regime in 1970.

The association of African countries

Among the non-European countries seeking privileged relations with the European Communities were mainly former colonies of member states that gained independence in the late 1950s and early 1960s. In 1963, the first Yaoundé Convention associated to the European Communities for the period 1964 to 1969, later extended to 1971, eighteen states of Africa and Madagascar. In a similar situation were the non-autonomous territories that continued under the administration of member states.

Interesting developments in this area occurred in 1969 with the signing of the Arusha Convention whereby three former British colonies were associated to the European Communities in terms analogous to those of the former colonies of member states for the period 1971-1975, almost coinciding with that of the second Yaoundé Convention, signed in 1971, now by nineteen associated states.

Great Britain's first membership application and the French veto

More complex was the issue of membership applications from Great Britain and other OECD members. Great Britain's first application for membership was made in 1961, triggering similar requests in the same year from Denmark and Ireland and the following year from Norway and Portugal. The application was rejected in 1963 because of a French veto (note that the membership of new members has always been an issue for which treaties required unanimity of member states). Following this rejection the other four applications were tacitly forgotten, as they had only been submitted because of their particularly intense economic ties with Great Britain (three of them were EFTA members and Ireland had a free trade agreement with Great Britain).

Great Britain's 1961 application for membership of the European Communities was generally interpreted as a repetition of the 1956 attempt to disrupt the negotiations for the formation of the Communities by re-launching negotiations for the formation of a free trade area covering all OEEC members, discussed in the previous chapter. According to this perspective, it was now a matter of inducing a radical change in the character of the European Communities by making the necessary adjustments for the integration of Great Britain as a member. Ultimately, the European Communities would be transformed into an intergovernmental organization, with plenty of exceptions to the customs union rules, to accommodate Great Britain's privileged relations with the British Community. Just as a few years earlier, the 'six' resisted British attempts and France played the decisive role in this process. In these circumstances, the outcome of the negotiations on this first British application for membership of the European Communities had the opposite effect to that desired by Britain, informally establishing a principle which became the basis for the enlargement processes of the European Communities: the candidate countries must be willing to adopt what is now commonly referred to as the 'acquis communautaire', that is to say, the set of rules accumulated in the meantime by the European Communities. In other words, it is the candidates who have to adapt to integrate into the European Communities, not the European Communities who have to adapt to integrate the candidates. Of course, many detail exceptions were made to the principle, but it essentially presided over all subsequent enlargement negotiations of the European Communities.

Great Britain's second application for membership

Great Britain, and for reasons similar to those in 1961, Denmark, Ireland and Norway also re-applied for membership in 1967. This time there was no formal rejection, but France once again objected the opening of negotiations, the matter eventually dragging on for over two years without decision.

The British decision to re-apply for membership of the European Communities can be explained by the fact that they achieved significantly better economic performance during the 1960s than EFTA. There can be no doubt that the British membership application was now genuine, although there was some difficulty with Great Britain's acceptance of certain aspects of the 'acquis communautaire'. The main problem, however, laid in the change of the relative importance of member states that the entry of a new member of considerable size and highly developed implied. In fact, since its inception, the European Communities had been dominated by France and the Federal Republic of Germany, and the entry of Great Britain, accompanied by some economies that maintained most of their external economic relations with it, threatened to disturb the balances thus obtained.

The 1969 Hague Summit

The impasse was not resolved until December 1969 by a summit of heads of state and government of the member countries of the European Communities meeting in The Hague. This type of summit had been inaugurated in 1961 in Paris, but it had no regularity, nor had it played a real decisive role in the functioning of the European Communities. The 1969 Hague Summit deserves special mention, however. Firstly, because it made a formal declaration of the irreversibility of the existence of the European Communities, which, having no legal value, involved undeniable factual and political significance. Secondly, by having decided to start negotiations for the accession of the four candidate countries and also for the establishment of association or free trade agreements with non-candidate EFTA members, so that accession of the candidates would not lead to the resumption of barriers to intra-European trade that the implementation of the European Communities and EFTA had eliminated. Thirdly, it decided to move towards the establishment of three new elements in Community life: the creation of the European Communities' own resources to gradually replace the contributions of the member states to the budget of the Communities; regular cooperation between the members of the European Communities in the field of external relations; and a monetary union between the members of the European Communities.

The Luxemburg Treaty

The issue of the creation of the European Communities' own resources was the one that advanced most rapidly, giving rise to the Luxemburg Treaty, signed in April 1970. According to that treaty, the European Communities now had as their own resources the customs duties collected under the common external tariff and a portion of the value added tax levied in the member states. It was this portion that was supposed to grow gradually and eventually replace the contributions of the member states to the budget of the Communities.

At the same time, the Luxemburg Treaty first gave the Assembly effective powers by making it responsible for approving the annual budget of the European Communities.

The Davignon Report

The committee set up to study regular cooperation between members of the European Communities in the field of external relations (chaired by Étienne Davignon, Belgian Minister for Foreign Affairs) presented its report in March 1970. This report proposed systematic consultations on all foreign policy matters, which any member of the European Communities considered to be of importance and the holding of meetings of the Ministers of Foreign Affairs of the member states of the European Communities for this purpose, at least every six months. It also proposed the immediate

association of the four countries with which accession negotiations were under way to join such consultations. The so-called Davignon Report was approved by the Council of Ministers of the European Communities and was a first step towards a common foreign policy.

The Werner Report

The committee set up to study the establishment of a monetary union between the members of the European Communities (chaired by Pierre Werner, Luxemburg's Minister of Finance) presented its report in October 1970. This report proposed a monetary union between the member states of the European Communities to be established within a decade, involving the adoption of fixed and irrevocable parities between their respective currency units, or even a common currency unit. It recognized as conditions for such a monetary union the coordination of economic and budgetary policies and fiscal harmonization between member states and the establishment of a Community decision-making centre for economic policy and a Community system of central banks. It pointed to the realization of the monetary union in three stages: a first one involving the reduction of the exchange rate fluctuation margins between the member states currencies, a second involving the liberalization of capital movements and the integration of capital markets, a third consisting of the full monetary union.

The so-called Werner Report was accompanied by a study by the Governors of the central banks of the member states, which addressed the technical problems raised by the Report's proposals and proposed the creation of a fund for the joint management of part of the central bank reserves, in principle increasing throughout the monetary union process, with a view to supporting the reduction of fluctuation margins between member state currencies until the adoption of fixed and irrevocable parities among their respective currency units.

Although approved by the Council of Ministers of the European Communities in March 1971, the Werner Report could not be implemented due to the collapse of the international monetary system linked to the International Monetary Fund a few months later and the short-term difficulties experienced by the economies of the member states from 1973 onwards. Further developments in monetary affairs in the European Communities in the following years will be examined below.

B – The establishment of EFTA

The implementation of the free trade zone

As regards EFTA, it should be noted first, as with the European Communities, the effective implementation of the free trade area provided for in the Stockholm Convention during the 1960s

(strictly speaking, there was still the exception of Portugal, which, as agreed, had a longer period for customs disarmament).

The Finnish Association

The EFTA free trade area was joined in 1961 by Finland through a free trade agreement. It is easy to explain Finland's interest in being part of the same trading space as its Scandinavian neighbours and Great Britain, with which it maintained most of its foreign trade relations. Equally easy is to explain the somewhat bizarre way in which Finland would actually enter the EFTA free trade area. This bizarre form was adopted because of finlandization (the informal control of Finnish foreign policy by the Soviet Union already mentioned in the previous chapter) and because the Soviet Union opposed full participation.

Iceland's accession

Another country that became a member of the EFTA was Iceland in 1970. This accession is also easily explained, on the one hand as most of the former OEEC's medium-developed countries moved towards one of the two trading blocs into which the organization's developed countries had split, on the other hand, against the profile of Icelandic foreign trade, similar to the Finnish one.

C – THE FIRST ENLARGEMENT OF THE EUROPEAN COMMUNITIES AND THE REORGANIZATION OF EUROPEAN ECONOMIC AREAS

The first enlargement of the European Communities

The first enlargement of the European Communities took place on 1 January 1973, with membership of Great Britain, Denmark and Ireland. In January of the previous year, these countries and Norway had signed their accession treaties. The process initiated at the Hague Summit was, however, marked by a number of difficulties which must be examined, and was not concluded until 1975, due to a sequel concerning the British accession, which must also be examined.

In the case of Great Britain's application, the main formal problems related to its preferential trade arrangements with the British Commonwealth. The solution found was for most non-highly developed countries of the British Commonwealth to enter into a regime of association with the European Communities similar to that established for the former colonies of the original members; for

the highly developed countries of the Commonwealth, preferential trade relations with Great Britain were only tolerated on a transitional basis. It was thus possible to sign the accession treaty in 1972. The treaty entered into force in 1973, but proved ephemeral. In 1974 Britain called for the revision of its accession treaty, which was made until 1975 and confirmed with a referendum later that year. In the meantime, the main informal problems raised by the British membership had to do with the new balances to be established between the largest members of the European Communities. The process of negotiating and renegotiating the British membership foreshadowed what became a constant in the life of the European Communities from then on: the frequent difficulty in passing decisions due to the British opposition (and the implementation of the Luxemburg compromise, naturally reinforced by the negotiating weight of Great Britain).

In the case of Denmark's application, the main problem was raised by the situation of the autonomous regions of the North Atlantic, Faroe Islands and Greenland. The weight of fishing and the importance of marine resources in the economy of these autonomous regions made insertion into the common fisheries policy clearly disadvantageous to them. For the time being, Greenland opted for accession to the European Communities, while the Faroe Islands opted for an association status with the European Communities.

In the case of Norway's application, there were similar problems for fisheries and marine resources as those in Denmark's autonomous regions and also problems of insertion into the common agricultural policy due to the particularly unfavourable ecological conditions faced by agricultural activity in Norway. Norway's accession treaty sought to address these problems, but when it was subject to referendum in the country (in September 1972) it was rejected, so it was not ratified and the country did not become a member of the European Communities.

In the case of Ireland's application, the main problem was that it was the first medium-developed country to seek entry into the European Communities. Reasonable doubts could be raised about the ability of the Irish economy to sustain competition from its highly developed partners. However, the fact that Ireland had been in a free-trade regime with Great Britain since the 19th century and gave full priority to maintaining this situation meant that no special measures to protect or stimulate the Irish economy were envisaged in the accession treaty.

The European Regional Development Fund

In any event, the ERDF (European Regional Development Fund) was created in 1975, the purpose of which was precisely to correct the main regional imbalances in the Communities, especially those resulting from a predominantly agrarian structure, industrial change and structural underemployment. It should be noted, however, that their action was not especially alive until the entry into the European Communities of fresh medium-developed members, which happened in the following decade, as will be seen in the next chapter.

Organs of the European Communities

The enlargement of the European Communities forced the natural adjustment of the composition of the organs of the communities. The number of members of the Commission was increased to fourteen, with Britain appointing two members and Denmark and Ireland one each. Naturally, the Council now had representatives from the new member states, and the weighting of votes was changed. The Court, now with ten judges, had representatives from the new member states. The Assembly increased the number of its members.

Free trade agreements between the European Communities and EFTA members

The accession of Great Britain and Denmark to the European Communities necessarily implied the abandonment of EFTA by these countries, reducing its membership to only six – Austria, Iceland, Norway, Portugal, Sweden and Switzerland – and one associate – Finland (until September 1972, the expectation was that Norway would also leave the EFTA and it would be reduced to five members). Since the beginning of the negotiation process of the first enlargement of the European Communities, there was awareness that the strict application of the common foreign tariff rule, implied in joining a customs union, would entail the re-establishment of customs barriers between countries leaving the EFTA and those that would remain there, barriers that had been abolished by the establishment of the respective free trade area. There was also a clear rejection of this possible evolution. To avoid this, the Hague Summit pointed to the negotiation of free trade agreements between the European Communities and EFTA member countries. These agreements were negotiated until July 1972 and signed that month and entered into force, as did the accession treaties of the new members of the European Communities, on 1 January 1973. The rejection of the Norwegian Accession Treaty in September 1972 forced a swift negotiation for that country of a free trade agreement with the European Communities identical to those already established with the other EFTA countries. Finland also negotiated a free trade agreement with the European Communities similar to those established with the EFTA countries, but its process was slower, lagging one year behind those of the EFTA countries, so the agreement only formally entered into force on 1 January 1974.

Significance of the reorganization of European economic spaces

The first enlargement of the European Communities and the establishment of free trade agreements between the European Communities and the EFTA member and associate countries led to a profound reordering of European economic spaces. In practice, it constituted a free trade area covering the European Communities and the EFTA (and to which the remaining members of the

former OEEC were associated due to association or preferential customs agreements with the European Communities). Apparently it was the free trade zone defended in the 1950s by Great Britain. In fact, this was clearly different because the European Communities had acquired a dominating role in this economic space that was not in the 1950s Great Britain's plans.

As a result of this reordering of European economic spaces, the European Communities thereafter began to play a pivotal role in the process of European integration. Their deepening, enlargement and external relations became the decisive facts in the evolution of this process.

D – INDEPENDENCE OF THE BRITISH COLONIES IN THE MEDITERRANEAN

In the period now under consideration, the two British colonies that existed in the Mediterranean, Cyprus and Malta, became independent. They soon became associated states of the European Communities.

Cyprus

Cyprus had become a territory under British administration in 1878 by the ceding of the Ottoman Empire. The protectorate status of a Turkish territory was later changed to a colonial status in 1914, when the Ottoman Empire declared war on Great Britain. In the 1950s, the British administration was pressured by the majority of the Greek population to grant independence to the territory with a view to a later integration into Greece. A significant minority of the Turkish population and Turkey itself reacted against these projects by formally invoking the rights of reversion to Turkish sovereignty under the 1878 agreements between the Ottoman Empire and Great Britain. After a few years of war between the British administration and the Greek nationalist movement, it was possible to reach an agreement for the independence of Cyprus, which took effect in 1960, under the guarantee of Great Britain, Greece and Turkey. Great Britain maintained the administration of two bases, Akrotiri and Dhekelia; most of the territory formed a state with shared government between the Greek and Turkish communities. During the 1960s there were clashes between these communities, leading to the deployment of a United Nations peacekeeping force. In 1974 there was a coup d'état by the faction of the Greek community supporting the union with Greece, to which Turkey reacted by occupying the northern part of the island. In this way a *de facto* division of the island into two states was established, later formalized with the proclamation of the Turkish Republic of Northern Cyprus in 1983, but never recognized by the United Nations or most European states.

In the meantime, Cyprus became a member of the Council of Europe in 1961 and obtained association status with the European Communities in 1973.

Malta

Malta became a territory under British administration in 1800 by conquest from France, which had occupied the island two years earlier, and became a British colony by the Treaty of Paris of 1814. In 1964 Britain granted independence to the island.

Malta became a member of the Council of Europe in 1965 and obtained association status with the European Communities in 1970.

E – MONETARY VISSICITUDES

Difficulties and collapse of the international monetary system

The international monetary system agreed at the Bretton Woods Conference began to face in the 1960s problems somewhat opposed to those that had hindered its implementation in the previous decade. To a phase of scarcity of international means of payment, the 'dollar shortage', due to positive balances of the American external payments, there followed a phase of abundance of the international means of payment, the 'dollar glut', due to negative balances of the American external payments.

Immediately, the main consequence of the dollar glut was the emergence of a financial market using American currency assets outside the home country (and beyond the control of the American monetary authorities), the euro-dollar market. In the medium and long term, the dollar glut was a threat to the stability of the international monetary system, directly by undermining the convertibility of the American currency to central banks member of the International Monetary Fund, indirectly by undermining the dollar's parity, which seemed structurally unsustainable. Of course, the abundance of international means of payment was a necessity in the face of the very expansion of the world economy and trade. Projects were advanced to give the International Monetary Fund the role of issuer of international means of payment through the creation of special drawing rights, but these projects essentially failed due to American opposition to these special drawing rights being issued in amounts that might question the dominant role of the dollar as an international means of payment.

Beginning in the late 1960s, the balance of payments problems of some major market economies began to impose parity revisions. In November 1967 the pound was depreciated to try to correct the negative balances of the British external payments; in August 1969 the French franc was depreciated to try to correct the negative balances of the French external payments and in October of the same year the German mark appreciated to try to correct the positive balances of the German external payments; in May 1971 the German mark and the Dutch guilder even temporarily abandoned the fixed exchange rate regime and sought to find a new stable equilibrium by fluctuating in foreign exchange markets. Finally, in the second half of the same year, it was the turn of the American dollar:

in August the convertibility of the American currency to the central banks of the International Monetary Fund ceased; in December the American dollar depreciated to try to correct the negative balances of the American foreign payments and the Washington Agreements tried to establish a new network of parities among the major currencies of market economies.

After some time, however, it was the fixed exchange rate rule itself that was permanently called into question. This happened on 19 March 1973, when the countries of the European Communities declared the joint fluctuation of their currencies against the American dollar. In formal terms, the move to an international monetary system of floating exchange rates (although with the usual intervention of the monetary authorities) was confirmed by the Kingston Agreements of 8 January 1976.

The monetary snake and the end of the European Monetary Agreement

The framework provided by the international monetary system and the European Monetary Agreement allowed monetary issues to play no relevant role in the period of implementation of the economic areas corresponding to the European Communities and EFTA. It is true that the European Communities had a Monetary Committee since its inception and since 1964 regular meetings of a Committee of Governors of the Central Banks of the member states. However, these bodies remained purely consultative and relatively secondary until the late 1960s. The plan of a monetary union among the member states of the European Communities drawn up from the decisions of the Hague Summit began to change this state of affairs. In particular, the Committee of Governors was called upon to draw up a study on the technical problems raised by the Werner Report proposals, as noted above. The adoption of the Werner Report in October 1970 heralded a time when monetary issues would come to the fore in Community life.

Indeed, it was the onset of the collapse of the international monetary system the following year that eventually forced monetary issues to come to the fore by creating serious problems for European economic spaces (in fact at the time in deep recast as already noted). The disappearance of a fixed exchange rate system led to the emergence of practices of competitive devaluation, which could undermine the customs union of the European Communities, the free trade area of EFTA and the free trade agreements between the European Communities and the EFTA members under negotiation. A mechanism had to be found to ensure some exchange rate stability between the different currencies of the members of the European Communities and EFTA.

In the case of the European Communities, the monetary union envisaged at Hague Summit, the Werner Report and the Resolution of the Council of Ministers approving that Report might be a solution. In an attempt to initiate the first phase of the Werner Report process, in April 1972 the Basel Agreement attempted to limit the fluctuation margins of the currencies of the countries of the European Communities (including the new 1973 members) against each other as the first step towards monetary union. The mechanism resulting from this Agreement was known as the 'snake within the tunnel'

(snake evoking the fluctuation of the currencies, tunnel evoking the fluctuation margins imposed by the agreement). Given the links of the EFTA with the European Communities, it was expected that the currencies of the EFTA countries would eventually join the system.

However, things did not go as desired. At first, even the pound sterling, the Irish pound and the Danish krone failed to stably enter the snake in the tunnel system, leaving it as early as June, although the Danish krone returned in October. Since February 1970, mutual support had been agreed between the central banks of the countries of the European Communities. In September 1972, the establishment of the European Monetary Cooperation Fund (EMCF) was decided for this purpose. It was for the accounting of transactions under the EMCF that the European currency unit (ECU) was formally established, with an initial value of 0.788 867 088 g of gold (that is to say, equal to US \$ 1 as established in the Washington Agreements of 1971), but which could be changed. By contrast, the European Monetary Agreement was terminated together with its European Monetary Fund on 31 December 1972.

The year 1973 was not more quiet. In January, the Swiss franc entered a floating exchange rate regime. In February, it was the turn of the Italian lira to abandon the mechanism of the snake in the tunnel (and the American dollar to depreciate again). The following month, all European currencies entered into a floating exchange rate regime, but sought to continue to do so by maintaining their floating margins within the Basel Agreement, a regime known as the 'snake without tunnel' (without tunnel evoking the end of the dollar link). In April the EMCF began its operation, but without this immediately bringing new currencies to the snake mechanism. In June, the German mark still underwent further appreciation, as did the Dutch guilder in September in an attempt to find stable parities between European currencies. However, from October onwards the difficulties resulting from the first oil shock put an end to any further progress towards European monetary union for several years.

F – EVOLUTION OF COMECON AND YUGOSLAVIA

COMECON

The evolution of COMECON during the period under consideration was marked by some contradictory trends, both in terms of the extent of the organization and its internal functioning.

In terms of the extent of the organization, there was a first disturbance resulting from the divergence in the international communist movement between the communist parties of the Soviet Union and China. The Soviet Union was able to ensure that its sphere of influence in Eastern Europe was maintained, but there was the exception of Albania, whose communist party aligned with that of China in what became known as the Sino-Soviet ideological conflict. As a result, from 1961 Albania

ceased in practice to participate in the activities of COMECON, although it did not formally abandon the organization. The same was true, of course, of the Warsaw Treaty Organization, which Albania formally abandoned in 1968.

By contrast, Mongolia, which since the period between the two world wars had a political regime of communist party dictatorship and a centrally planned economic system similar to that of the Soviet Union, became a member of COMECON in 1962.

In the meantime, the sphere of influence of the Soviet Union widened outside Europe, in particular with the evolution of Cuba towards a political regime of communist party dictatorship and a centrally planned economic system. As a result of this evolution, Cuba also became a member of COMECON in 1972.

In terms of the internal workings of the organization, it should be noted first of all the approval in 1959 of a new charter of the organization and in 1962 a document on the founding principles of the socialist division of labour. These documents were associated with the implementation of economic reforms based on the decentralization of the economic planning process and the concomitant acceptance of elements of market economic calculation as part of that process, implementation carried out during Nikita Khrushchev's rule in the Soviet Union. Its approval formally paved the way for planning an international specialization of productions among the members of the organization. Specifically, significant progress was made in the field of energy, with the connection of the member states' electricity networks, the construction of pipelines to facilitate the supply of Soviet oil to Eastern Europe and cooperation in the use of atomic energy for non-military purposes. Also in the monetary field there was an important evolution, with the introduction of the so-called convertible rouble, separate from the Soviet currency unit of the same name, to settle transactions between member states and the creation of the International Economic Cooperation Bank in 1963 to perform the functions of a clearing house in payments.

However, these economic reforms were abandoned in the mid-1960s following the rise to power of a new Soviet leader, Leonid Brezhnev. Indeed, there followed the centralization of economic planning and its overhaul supported by the introduction of new mathematical linear programming techniques and new electronic computing technologies. This was also followed by the formulation of what became known as the Brezhnev doctrine, which pointed to the limitation of the sovereignty of the socialist states when their internal problems threatened the stability of the others. In line with what had happened in the 1950s and referred to in the previous chapter, this doctrine was applied in 1968 when there was an attempt to reorient the Czechoslovak Communist Party's political line in a generally considered liberalizing sense.

On the other hand, COMECON formulated at the same time the principle of the interested party, which was nothing more than the adoption of the rule of the possibility of abstention in a decision by a country (and of absence in the subsequent application of the decision), without preventing other members to approve and carry out this decision. The application of this principle (which had already

worked in practice in the case of Albania before it was formally approved) allowed Romania to gradually move away from the work of the organization as the country moved towards a more radical isolation of its economy (and its political life). It also allowed some other members to resist the application of the principle of socialist division of labour and even of the more centralized new techniques of economic planning. In this area, the evolution in Hungary turned out to be particularly radical, towards a continuation and development of the novelties introduced in the planning processes of the economy in the late 1950s and early 1960s.

Yugoslavia

Meanwhile, Yugoslavia gradually evolved into what would come to be an experience of a socialist market economy. From the internal point of view, this meant the adoption of a radical version of the decentralized economic planning experimented with in the Soviet Union and the COMECON countries (albeit without changing the character of communist party dictatorship in political terms). From the point of view of external relations, this meant a double rapprochement on the one hand with the European Communities, with which Yugoslavia particularly intensified trade and even migratory movements, on the other hand with the COMECON, to which Yugoslavia became an associate member in 1964 (although, also in this domain, without changing the involvement in the movement of non-aligned countries in geo-strategic terms).

G – OTHER EUROPEAN ORGANIZATIONS

The Council of Europe

Throughout the period now under consideration the Council of Europe continued to exist as a organization of cooperation between European states with democratic political regimes, having received three new members: Cyprus in 1961, Switzerland in 1963 and Malta in 1965.

The Conference on Security and Cooperation in Europe

Between 1972 and 1975, the first Conference on Security and Cooperation in Europe was held in Helsinki. In it, for the first time in a specifically European context since the late 1940s, the countries of both American and Soviet spheres of influence in Europe, as well as the United States of America and Canada, met. Only Albania, which, as noted above, had broken with the Soviet Union, aligning itself with China at the time of the so-called Sino-Soviet ideological conflict, was absent.

The Conference on Security and Cooperation in Europe resulted in the so-called Helsinki Final Act, in which the participating countries committed themselves to a code of conduct to reduce political and military tension in Europe and to avoid any risk of triggering a conflict on the continent.

It was also agreed that the Conference on Security and Cooperation in Europe would become permanent, with its members holding regular meetings to monitor the implementation of the signed agreements.

The OECD

It is also worth noting that during the period under consideration, the OECD consolidated its vocation for organizing economic cooperation between countries with highly developed market economies, accepting four new members: Japan in 1964, Finland in 1969, Australia in 1971 and New Zealand in 1973. At the same time, it lost its last formal link to a specific European mechanism, with the disappearance of the European Monetary Agreement in 1972.

CHAPTER 5 – 1973-1993: FROM THE EUROPEAN COMMUNITIES TO THE EUROPEAN UNION

Since the reordering of European economic spaces in the first half of the 1970s, there can be no doubt about the central role of the European Communities in the process of European integration. The deepening, enlargement and external relations of the European Communities must therefore be the main thread in the examination of what has been going on since then. This of course does not imply forgetting what happened in other European organizations and spaces.

A – INSTITUTIONAL REFORMS: FROM THE EUROPEAN COMMUNITIES TO THE EUROPEAN UNION

European summits and election of the European Parliament by direct suffrage

The decade between the mid-1970s and the mid-1980s did not make much progress towards deepening the European Communities. It is important, however, to point out two novelties. The first was the regular holding of summits of heads of state and government of the member countries from the 1974 Paris summit on. Although these summits had no formal role (they could only act as council at the highest level), they tended gradually, as might be expected, to play a decisive political role in the life of the European Communities. The second was the direct election from 1979 on of the Assembly, which was renamed Parliament and saw an increase in the number of its members. This direct election of Parliament, for five-year legislatures, gave it greater formal democratic legitimacy, but it did not immediately increase its political importance, either formally or informally.

The Single European Act and the European Community

The dynamism of the deepening of the European Communities changed completely in the following decade. A new Brussels Treaty, commonly known as the Single European Act, was agreed in 1986, which entered into force in 1987 and profoundly altered some formal and effective aspects of the life of the European Communities. First, this treaty formally merged the three European Communities into a single European Community. Secondly, it set the end of 1992 as the horizon for the conclusion of the economic union provided for in the Treaty of Rome, with the free movement of

goods, people and capital, the freedom to provide services and the free establishment of economic units. Thirdly, it gave the European Parliament the power to decide on a number of issues, in particular those concerning the acceptance of new members and the amendment of the European Communities' own basic rules of operation, which now have to be ratified by Parliament (what was called the consent procedure), and those relating to certain questions of Community life, which were then put to the vote in Parliament after approval by the Council, which could only overcome an unfavourable vote by Parliament through a unanimous decision (what was called the cooperation procedure). Fourthly, it extended the matters on which the Council could act by qualified majority. Agreement on this issue was of particular importance as it was considered by all member states as a (informal) waiver of the right to block decisions contained in the (also informal) Luxemburg 1966 compromise. Last, concerning foreign policy cooperation the consultation system created in 1970 following the Davignon Report was deepened.

The Maastricht Treaty and the European Union

At the beginning of the last decade of the 20th century, things went further, creating the European Union through the Maastricht Treaty, which was agreed in 1992 and entered into force in 1993.

The European Union was conceived as a set of three pillars: the European Community, the common foreign and security policy and cooperation in home and justice affairs. The European Community continued to encompass, in a supranational framework, the European Economic Union, under the Treaty of Paris entered into force in 1952, the Treaties of Rome entered into force in 1958 and the Treaties of Brussels entered into force in 1965 and 1987. It also encompassed the process of monetary union, which will be examined in more detail below. The common foreign and security policy corresponded to a deepening of foreign policy cooperation formally introduced by the Second Treaty of Brussels (Single European Act), which entered into force in 1987. Cooperation in home and justice affairs corresponded to a new area of cooperation between member states. It should be noted that the two new pillars – common foreign and security policy and cooperation in home and justice affairs – were introduced with an intergovernmental character, that is to say, requiring in principle no opposition from each member state, so that the common decisions concerning them would apply. However, enhanced cooperation schemes were foreseen – if at least a third of member states wanted to make progress in deepening cooperation in a certain area, the rest could not object, even if they did not wish to participate.

The creation of the European Union also involved the creation of a common European citizenship for nationals of all the member states of the Union. In addition to the principle of non-discrimination, which was already fully covered by the rules on economic union, European citizenship implies the obligation of support to nationals of member states in relations with third countries.

The Maastricht Treaty also changed decision-making procedures within the framework of the European Community. Thus, the consent procedure was maintained, the cooperation procedure was replaced by the co-decision procedure, which, as its name indicates, implies a joint decision by the Council and Parliament, on a proposal from the Commission (understanding that Parliament tacitly approves the proposal if it does not vote its rejection or amendment but excluding the possibility of a rejection by Parliament being overridden by a unanimous Council decision) and the consultation procedure has been formally introduced, which, as its name also indicates, corresponds to a statement of opinion by Parliament, without the possibility of rejecting or amending the proposal.

Another innovation of the Maastricht Treaty was the adjustment of the Commission's mandates to Parliament's legislatures, an adjustment that can be considered natural due to the fact that the Commission is overseen by Parliament.

It should be noted that the entry into force of the Maastricht Treaty in 1993 did not take place without some problems, as a result of its rejection in a referendum in Denmark, requiring some subsequent adjustments and a second referendum, now with a favourable outcome.

The reform of the common agricultural policy

Throughout the 1960s, 1970s and 1980s, the common agricultural policy became one of the main problems of the European Communities. In essence, this resulted from the promotion of economically inefficient use of resources and the blockade that the political and social influence of rural-based pressure groups constituted on any attempt to alleviate this inefficiency, as already noted in the previous chapter. However, what made an effort to reform the Common Agricultural Policy unavoidable was the overwhelming and unrelenting weight that expenditure on the European Agricultural Guidance and Guarantee Fund, the financial element of the Common Agricultural Policy, acquired in the Communities' accounts, reaching even about two thirds of Community expenditure. At the same time, raising awareness of the negative environmental consequences of the Common Agricultural Policy in its original version and the international pressure to liberalize world trade also contributed to the reform of the Common Agricultural Policy.

The first overall reform of the common agricultural policy took place in 1992. It can be said that it essentially translated into a compromise between the traditional automatic mechanisms for the protection of European agriculture and the guarantee of preservation of the income of European farmers. Thus the traditional automatic mechanisms for the protection of European agriculture were reduced to curtail the incentive to overproduce certain goods. On the other hand, there was an increase in income transfers to European farmers, still depending on the quantity of production or resources used (cultivated area or existing livestock). Community expenditure on the common agricultural policy could be reduced by saving on the purchase, storage and export subsidy of European agricultural products; consumers could benefit to a greater extent from the favourable

functioning of the market towards price reductions; and farmers maintained their usual income levels. Admittedly, the common agricultural policy remained the main heading of the Community budget, the environmental problems were far from a reasonable solution and the complaints from the trading partners worldwide were not met, making reopening of the issue of reform of the common agricultural policy inevitable in the short term. However, the rigidity accumulated over three decades at least began to subside.

B – Extension of the European Communities

Enlargement of the European Communities to the Mediterranean

The difficulties experienced by the European Communities during the mid-1970s and mid-1980s did not prevent a second enlargement process from taking place during this period, this time covering three southern European countries – Greece, Portugal and Spain. The process involved difficulties other than those of the first enlargement. At the first enlargement, the candidates were highly developed countries (with the exception of Ireland, which was only medium-developed) and with stable democratic political regimes; In what became known as Mediterranean enlargement, the candidates were all medium-developed countries with newly established democratic political regimes. It is also worth noting that in this case with some parallelism to the first enlargement, where one candidate was one of the largest economies in Europe (Great Britain) and the others (Denmark, Ireland and Norway) were relatively small economies, also in the Mediterranean enlargement one candidate was a sizable economy (Spain) and the others (Greece and Portugal) were relatively small economies.

From the perspective of the European Communities, the attempt to absorb a significant number of countries with moderately developed economies and democratic political regimes still in the process of consolidation can be considered a risk. Anyway, the European Communities decided to take the risk, also aiming at promoting development and stabilizing the democratic evolution of Southern Europe. Thus, Greece submitted its application in 1975, signed its accession treaty in 1979 and became a member in 1981. Portugal and Spain submitted their applications in 1977, signed their accession treaties in 1985 and became members in 1986. In all cases relatively long transition periods were foreseen to adapt the economic structures of the new members to community competition. In all cases membership can be said to have been a success, as the new members consolidated their democratic political regimes and continued their development processes, becoming highly developed countries in the last decade of the 20th century.

Pre-accession aid and cohesion policy

It can be argued that the success of the Mediterranean enlargement in terms of economic development and democratic political stabilization of the new members was powerfully aided by the European Communities, primarily because of the fact that they accepted enlargement to these new members, but also because they provided them with financial support in two forms. First, in the form of pre-accession aid, an innovation aimed at facilitating the adaptation of the economies of the candidate countries to support Community competition. Then, in the form of an intensification of cohesion policy, that is, support for the real convergence of the various members and regions of the Communities, from which the three new members, Ireland and some areas of the other previous members, especially southern Italy, benefited significantly. The main instruments of this policy were the so-called structural funds, in particular the already existing European Social Fund and the European Regional Development Fund, but which have since gained a new momentum.

In this regard, a typology of problem regions was established in 1987, comprising: regions with low levels of income, productivity and employment; industrial regions in the process of decay; regions with a share of primary sector employment above 50% of the Community average; deteriorated urban regions; regions with difficult accessibility; and peripheral regions.

Later, following the constitution of the European Union, regional policy was reformed with the adoption of new objectives for the implementation of the cohesion structural funds: to foster the development and structural adjustment of the less developed regions; reconvert the regions affected by the industrial crisis; fight long-term unemployment by facilitating the insertion of people excluded from the labour market; adapt human resources to changes and developments in the production system; and support the reform of the common agricultural policy.

Organs of the European Communities

The further enlargement of the European Communities once again forced the adjustment of the composition of the community bodies. The number of members of the Commission was increased to eighteen, with Spain now appointing two members and Greece and Portugal one each. Naturally, the Council now had representatives from the new member states, and the weighting of votes was changed. The Court, now with thirteen judges, had representatives from the new member states. Parliament increased the number of its members.

The abandonment of Greenland

However, Greenland undertook a somewhat reverse process. In 1982 it held a referendum on staying in the European Communities, which had an unfavourable outcome. Negotiations were

therefore launched for the abandonment, which was agreed in 1984 and formally completed in 1985, with Greenland having an associated territory status with the European Communities, as the other autonomous region of Denmark in the North Atlantic, the Faroe Islands, had since 1973.

The reasons for this Greenland option are identical to those that led to the initial Faroe option and partly to the Norwegian option resulting from the November 1972 referendum, as explained in the previous chapter. For these North Atlantic countries and territories, where fishing and marine resources are an essential element of economic prosperity, it is advantageous not to have to participate in the common fisheries policy (or to negotiate a complicated scheme of exceptions to such participation) within the framework of the European Communities.

The case of Morocco

In 1987 Morocco applied for membership of the European Community, which was rejected on the grounds that Morocco is not a European country. Although the geographical argument was the fundamental argument invoked, it is worth noting that Morocco did not meet the criteria traditionally informally used to evaluate applications for new members (and would later be formalized at the 1993 Copenhagen Summit, as will be seen below): in fact, it did not have a democratic political regime and had a degree of development that would not allow it to sustain competition within the European space. Moreover, it was doubtful whether it could integrate the *acquis communautaire* into its internal legal system.

The absorption of the former German Democratic Republic

A final change in the territorial extension of the European Community during the period under consideration was the absorption of the former German Democratic Republic following its absorption by the Federal Republic of Germany in October 1990. This absorption is not generally considered an enlargement, as it did not involve the entry of a new member, but the extension of one of the existing members. However, it can be said that it was perhaps one of the most difficult extension increases ever made by the European Community, as it corresponded to a society that had just changed its formerly centrally planned economy and its regime of communist party dictatorship. Some aspects of the difficulties involved in the collapse of the Soviet sphere of influence in Eastern Europe will be examined in more detail below.

C – Monetary reforms: from the monetary snake to the monetary union

The monetary snake 1973-1979

The 'snake without tunnel' system continued to be the fundamental element of European monetary life between the end of 1973 and the beginning of 1979. Even forgetting that it was conceived as the first step towards a monetary union that eventually failed to develop, it cannot be said that this system was a success. In practice, only the German mark and a set of currencies that became true satellites of the German currency were stably inserted into the snake: the Belgian-Luxemburg franc, the Danish krone and the Dutch guilder among the currencies of European Community countries, which were joined by the Austrian shilling among the currencies of the European Free Trade Association. Among the currencies of the countries of the European Communities, the French franc was unable to insert into the system in a stable way, fluctuating between periods of presence and absence, which resulted in some depreciation against the German mark, and the British pound sterling, the Irish pound and the Italian lira were never able to insert into the system, except for extremely short periods, and depreciated significantly against the German mark. Among the currencies of the European Free Trade Association, the Swiss franc tended to appreciate against the German mark and the Icelandic krone, the Norwegian krone and the Swedish krone managed to maintain relative stability against the German mark. On the contrary, the Spanish peseta, the Finnish mark, the Greek drachma, the Portuguese escudo and the Turkish lira, among the currencies of OECD European countries, entered into more or less pronounced processes of systematic depreciation.

The European Monetary System and the Exchange Rate Mechanism

Reacting to the instability affecting the snake and taking advantage of the improving economic situation in the late 1970s, the countries of the European Communities established on 13 March 1979 the European Monetary System (EMS), with its Exchange Rate Mechanism (ERM). The European unit of account (ECU) established in 1973 for the operations of the European Monetary Cooperation Fund was redefined as a weighted average of the currencies of the member countries of the European Communities (according to the table below) and adopted as a reference for the System. The member countries of the Communities committed themselves to insert their currencies as soon as possible into the exchange rate mechanism by defining a central exchange rate in relation to the European unit of account and ensuring a maximum margin of fluctuation within a narrow ($\pm 2.5\%$) or broad ($\pm 6\%$) band around this exchange rate.

The European Monetary System suffered in its early days from problems similar to those of the snake. In particular, the British pound remained out of the system, the French franc and, above all, the Italian lira continued to show weakness in foreign exchange markets and suffered several depreciations and the German mark was, on the other hand, appreciated several times, being usually accompanied in these appreciations by satellite currencies. The currencies of the other OECD European countries continued to behave differently, from the Swiss franc's relative appreciation against the ECU, to the systematic depreciation of most of the currencies of the Mediterranean countries and the relative stability of most of the Nordic currencies. It was, however, possible to gradually overcome these problems during the 1980s, paving the way for resuming the project of the European Monetary Union.

In the meantime, the definition of the European unit of account was changed twice, with the introduction of the currencies of the new members of the European Communities.

Definition of the European unit of account

XEU – European Account Unit	March 13, 1979	September 17, 1984	September 21, 1989
BEF – Belgian franc	0.0964	0.0857	0.08183
DEM – German mark	0.3298	0.3208	0.31955
DKK – Danish krone	0.0306	0.0269	0.02653
FRF – French franc	0.1983	0.1906	0.20316
GBP – British pound	0.1334	0.1498	0.12452
IEP – Irish pound	0.0115	0.0120	0.01086
ITL – Italian lira	0.0949	0.0998	0.07840
LUF – Luxemburg franc	included in BEF	included in BEF	0.00322
NLG – Dutch guilder	0.1051	0.1013	0.09980
GRD – Greek drachma	—	0.0131	0.00437
ESP – Spanish peseta	—	—	0.04138
PTE – Portuguese escudo	—	—	0.00695

Delors Report

The process of the European Monetary Union was formally reopened in 1988 with the establishment of a new committee (now chaired by Commission President Jacques Delors) to draw up a report on the subject. The Delors Commission Report, presented in April 1989, took up many of the Werner Report's proposals about two decades earlier, in particular proposing the establishment of the European Monetary Union, involving the adoption of fixed and irrevocable parities between the

currency units of the countries concerned, members of the European Communities, or even of a common currency unit, within a decade, with a three phase process.

Phases of the European Monetary Union

The three phases of the European Monetary Union proposed in the Delors Report were as follows:

1) The first phase, starting on 1 July 1990, should involve accession by all member states to the exchange rate mechanism of the European monetary system, the establishment of free movement of capital between member states, cooperation between their central banks, the free use of the ECU as a unit of account and means of payment and the increased economic convergence between member states.

(2) The second phase, starting on 1 January 1994, should involve the establishment of a European Monetary Institute, the establishment of national central bank independence, the prohibition of central bank lending to the public sector, increased coordination of monetary policies and the strengthening of economic convergence.

(3) The third phase, starting after 1 January 1996, as soon as more than half of the member states of the European Community were able to participate in it, no later than 1 January 1999 at the latest, should involve irrevocable fixed exchange rates, the existence of a single monetary policy, implemented by the European System of Central Banks, the possible introduction of a common currency, a new exchange rate mechanism and a mechanism for the coordination of fiscal policies among member states.

The European System of Central Banks should consist of a European Central Bank (whose existence would be prepared by an European Monetary Institute) and the central banks of all member states of the European Community. In the meantime, countries should only fully participate in the third phase of monetary union, in particular by adopting fixed and irrevocable exchange rates and taking part in the definition of the common monetary policy, if they met a number of nominal convergence criteria, namely:

(a) Exchange rate stability, which would imply remaining in the narrow band of the exchange rate mechanism of the European Monetary System for three years without changing central parity.

(b) No significant inflation, which would mean an inflation rate of not more than 1.5% above the average of the three Union members with the lowest inflation rates.

(c) Interest rate witnessing market confidence, which would imply a long-term interest rate of no more than 2% above the average of the three Union members with the lowest inflation rates.

(d) Consolidated public finances, which would imply a balance of public accounts, if negative, not exceeding an absolute value of 3% of gross domestic product and a public debt not exceeding 60% of gross domestic product.

The Delors Report was approved by the Council and the monetary union process started on schedule. The rules relating to it were laid down in the Maastrich Treaty, together with the rule of Great Britain's possible self-exclusion, to which Denmark was added when revising the initial version of the Treaty after its rejection in a referendum. Attached to the same Treaty were the Statute of the European System of Central Banks and its central element, the European Central Bank (ECB). Price stability, regarded as an indispensable framework for stable long-term economic growth, was seen as the priority goal of the monetary policy to be pursued by the ECB. Economic growth appeared as a fundamental long-term goal, but not as a short-term priority objective. To carry out this mission, the ECB was endowed with a status of technical independence. It would be administered by a president and four vice-presidents, appointed by the Council of Ministers of the European Union, but immovable during their eight-year term, and by a council including the president, the vice-presidents and the central bank governors.

The first phase of monetary union

As noted above, the first phase of monetary union should involve, as a major step forward, access by all member states to the exchange rate mechanism of the European monetary system and the establishment of free movement of capital between member states. When this phase was formally initiated on 1 July 1990, the following currencies were already inserted in the exchange rate mechanism: the Belgian-Luxemburg franc, the Danish krone, the German mark, the French franc, the Irish pound and the Dutch guilder, within the narrow band ($\pm 2.25\%$), the Italian lira, with fluctuations traditionally limited to the broad band ($\pm 6\%$), but since 1989 also limited to narrow band, and the newly entered Spanish peseta in 1989, with fluctuations limited to the broad band. As early as October 1990, the British pound and the Portuguese escudo also joined the exchange rate mechanism, with fluctuations limited to the broad band. Therefore, only the Greek drachma was absent from the exchange rate mechanism. By 1992, all member countries, once again except Greece, had established the free movement of capital. Eleven of the twelve members of the European Community thus seemed well placed to fulfil the main conditions set for the first phase of monetary union.

However, in September 1992 a currency crisis ensued as a result of speculative movements against some of the currencies of the European monetary system. As a result of this currency crisis, the British pound and the Italian lira were forced to abandon the exchange rate mechanism and depreciated, and six parity realignments affecting the exchange rate of currencies participating in the system were required over the following months. Stability began to return only with the widening of the fluctuation margins of the exchange rate mechanism to a very broad band of $\pm 15\%$ in August 1993.

The jolts that affected the process of European monetary union at the end of its first phase can be explained by the cyclical difficulties that the world and European economy experienced at that time, the repercussions of Germany's monetary unification and the exceptional effectiveness of the wave of

speculative attacks at that time against some currencies of European Community member countries, in particular the British pound.

D – ASSOCIATION OF AFRICA, CARIBBEAN AND PACIFIC COUNTRIES

The association of former colonies of member countries to the European Communities, formalized with the 1963 and 1971 Yaoundé Conventions, and even of other former colonies, formalized with the 1969 Arusha Convention, was greatly boosted by the first enlargement due to the interest of the overwhelming majority of the Commonwealth countries in association status. It also received a qualitative boost, with the formalization of a conception of association as a framework for a development process supported by the European Communities. These quantitative and qualitative impulses led in 1975 to the Lomé Convention between the European Communities and forty-six associated countries from Africa, the Caribbean and the Pacific.

What turned out to be the first Lomé Convention was in force between 1976 and 1980. It was followed by: a second Lomé Convention, signed in 1979, with fifty-eight associated countries, which was in force between 1980 and 1985; a third Lomé Convention, signed in 1984, with sixty-five associated countries, which was in force between 1986 and 1990; and a fourth Lomé Convention in 1989, with sixty-eight associated countries, which was in force from 1991 to 2000.

Successive Lomé Conventions established a generalized system of preferences between the European Communities and the associated countries of Africa, the Caribbean and the Pacific, guaranteed them support for development investment projects through the European Development Fund and also guaranteed a system of protection against fluctuations in the prices of agricultural and mineral products where exports from many of these countries are often concentrated through two funds sponsored by the European Communities, STABEX (for agricultural products) and SYSMIN (for mineral products).

E – EFTA AND THE EUROPEAN ECONOMIC AREA

The evolution of EFTA

Unlike the European Communities, EFTA did not undergo significant institutional changes during the period under consideration. In terms of its members, in 1986 there was an exit – Portugal, which became a member of the European Communities – and an entry – Finland, which had been in practice in the free trade area since the 1960s, as explained in the previous chapter. In addition,

Liechtenstein, which had been in practice a member since the formation of EFTA due to its customs and monetary union with Switzerland, which dated back from 1919, decided to make its participation in the organization autonomous by becoming a full member in 1991.

The European Economic Area

The establishment of a free trade area encompassing the European Communities and the EFTA countries took place over the period now under consideration without any major disturbances and was essentially concluded on 1 January 1984. A large European economic space encompassing the two former rival blocs was formalized and deepened in the same year that the Treaty of Maastricht was signed through the Treaty of Porto. This treaty entered into force in 1994, creating the European Economic Area, in which the EFTA member countries are primarily able to negotiate with the European Union on matters of establishment of common rules, which the EFTA countries are almost forced to adopt, due to their dominant economic relationship with the European Union.

However, the implementing of the European Economic Area did not take place without an adjustment to the initial draft resulting from the absence of Switzerland due to the rejection of the Treaty of Porto in referendum. This also immediately implied the absence of Liechtenstein, which, however, became autonomously integrated into the European Economic Area in 1995.

F – COMECON, the collapse of the Soviet sphere in Europe and its consequences

The evolution of COMECON

The contradiction between the principle of the socialist division of labour and the principle of national sovereignty, which had always weighed on the life of COMECON, continued to present itself as the basic and unsolvable problem of the organization in the period under consideration. In 1971, the General Program for the Extension and Deepening of Cooperation and the Development of Socialist Economic Integration was approved, which sought a synthesis between the trends advocating the coordination of economic planning at the level of COMECON and those advocating the deepening of market mechanisms in relations between the members of the organization. In addition, new co-ordination structures were set up, notably the International Investment Bank for the financing of joint projects, established as early as 1970, and general guidance documents for medium and long-term planning of the economies of the member states, whose five-year plans were synchronized for this purpose, were approved. On the other hand, however, the expansion of the economic relations of

the majority of member countries with market economies meant that market mechanisms tended to gain importance in the functioning of their external relations.

The tendency for COMECON's activity to expand outside Europe as a result of the expansion of the Soviet sphere of influence in other parts of the world continued to mark the life of the organization in the period under consideration. Thus, COMECON had a new full member in 1978, Vietnam, and several countries associated as observers: Afghanistan, Ethiopia, the Democratic People's Republic of Yemen (South Yemen), Iraq, Laos, Mexico, Angola and Nicaragua.

From a short-term point of view, centrally planned economies performed well during the difficult times of market economies in the mid-1970s triggered by the first oil shock, thanks mainly to the relatively cheap supply of crude oil by the USSR. However, the situation deteriorated from the end of the decade, mainly due to external payment problems in relations with market economies.

Political and economic problems of the Soviet sphere of influence in Europe

In 1978 an event turned out to be profoundly negative for the stability of the political regimes of communist party dictatorship in Eastern Europe: the election of a Polish cardinal, Karol Wojtyła, to the papacy. In 1980, there were again nationalist and anti-Soviet movements in Poland, led by a formal trade union but actually political movement called Solidarity. A prolonged crisis followed, which was only provisionally resolved in 1982 with the establishment, for all practical purposes, of a military dictatorship.

The accumulation of political problems (with the growth of nationalist and anti-Soviet currents in most countries within their sphere of influence) and economic problems (with the inability to balance external payments to market economies and to translate the accumulation of capital goods into a satisfactory rise in private consumption and living standards) led in the 1980s to an attempt to profoundly reform the functioning of political regimes of communist party dictatorship and centrally planned economies in Soviet Union and Eastern Europe. This reform attempt was associated with the name of Soviet Communist Party leader Mikhail Gorbachev and was synthesized in the keywords 'perestroika' (reconstruction) and 'glasnost' (transparency). In economic terms, it involved a restructuring of the economic planning system towards decentralization and the use of market-type success indicators similar to what had been attempted in the late 1950s and early 1960s, but clearly more radical. In political terms, it involved renouncing the doctrine of limited sovereignty of socialist countries and further opening to the expression of criticism of the functioning and concrete results of the policies implemented in each country.

The attempt to reform the functioning of the political regimes of communist party dictatorship and centrally planned economies in the Soviet Union and Eastern Europe in the 1980s can be said to

be, in its own terms, a failure, eventually leading to collapse of the Soviet sphere of influence in Europe in 1989 and the collapse of the Soviet Union itself in 1991.

The collapse of the Soviet sphere of influence in Europe

The collapse of the Soviet sphere of influence in Europe began in 1989, first with the collapse of the Polish military dictatorship established in 1982 and the opening of negotiations between the so-called Unified Socialist Party (communist) and the Solidarity movement (in February), leading to the sharing of power (in April), then with Hungary opening its border with Austria (in May) and to the taking advantage of this opening by citizens of the German Democratic Republic to leave the country, emigrating to the Federal Republic of Germany, leading in turn to the opening (and later demolition) of the border between the two German states, in particular the Berlin Wall (in November).

Over the next two years, Communist party dictatorship political regimes fell one by one in Eastern Europe, in a way that was relatively peaceful in the Democratic Republic of Germany, Bulgaria, Czechoslovakia, Hungary, and Poland, relatively violent in Albania, Yugoslavia and Romania. As a consequence of this fact, the countries of the former Soviet sphere of influence began processes of transition to democratic political regimes and market economies.

The reunification of Germany

The main immediate political consequence of the collapse of the Soviet sphere of influence in Europe was the reunification of Germany, with the absorption of the German Democratic Republic by the Federal Republic of Germany. This was an extremely rapid process: the communist political regime of the German Democratic Republic fell in November 1989; in July 1990 a monetary union was established between the Federal Republic of Germany and the German Democratic Republic, in practice achieving economic reunification; in September 1990, the treaty, known as the 4 + 2 Treaty, was signed, whereby the four World War II winners and occupying powers of Germany, the United States of America, Great Britain, France and the Union of Soviet Socialist Republics, accepted the reunification process of the two German states that had been formed in the meantime, the Federal Republic of Germany and the German Democratic Republic, and the newly reunified German state accepted the borders resulting from the conflict and some restrictions on its military arrangements; on 3 October 1990, political reunification was formally completed.

The speed of the process can be explained by three factors: first, reunification had always been the ambition of the majority of the German people in both states created in 1949; secondly, reunification had always been formally supported by the allies of the Federal Republic of Germany; thirdly, the Union of Soviet Socialist Republics, which had become the sole guarantor of the division, was in the late 1980s deeply weakened. One can question the sincerity with which at least some allies

of the Federal Republic of Germany supported reunification. However, this turned out to be of little importance in practice when the opportunity arose, due to the difficulty of reversing a diplomatic position publicly held for decades.

It can be said that the speed of the reunification process and some technical aspects of monetary union were economically inconvenient. On the one hand, adapting the economic structures of the former German Democratic Republic was necessarily difficult and a longer transitional period would probably have been advantageous. On the other hand, the monetary union between the two German states was made by exchanging the mark of the German Democratic Republic for the mark of the Federal Republic of Germany at a ratio of 1:1 for a considerable part of the monetary assets and at very favourable exchange rates for the remaining assets, which had unavoidable immediate inflationary consequences, as it corresponded to an unquestionable overvaluation of the German Democratic Republic mark assets. Several political reasons, however, imposed this speed and what can be considered in the strict sense technical errors of the monetary union: firstly, there was fear of a possible future strengthening of the Union of Soviet Socialist Republics, which could in the long run block the reunification process, so that a commitment and formal implementation were sought as soon as possible; secondly, there was a fear of a possible negative reaction from various social sectors in Germany itself to the felt costs of reunification, so that the process was made to be as quick as possible in the short term and irreversible before the perception of the problems and the negative reaction could arise. In practice, the economic transition period of the former German Democratic Republic turned out to be quite long indeed and negative reactions came to light, albeit with clearly minor strength. As for the further strengthening of the Union of Soviet Socialist Republics, it did not happen; on the contrary, the Union of Soviet Socialist Republics itself collapsed in 1991. In any case, the reunification of Germany became an irreversible fact of the 1990s.

It is worth noting that the need to have the allies of the Federal Republic of Germany accept the absorption of the German Democratic Republic contributed, from a political point of view, to facilitate the deepening of the European Community, translated into its evolution towards the European Union. Indeed, the commitment to this deepening was one of the ways Germany found to reassure its allies, and especially its neighbours, that a possible rebirth of Germany's former imperialist spirit would not occur.

The collapse of the Soviet Union

The attempt to reform the functioning of the political regime of the communist party dictatorship and the centrally planned economy in the Soviet Union generated internal conflicts at two levels: at the level of the USSR, advocates of the restoration of traditional political and economic structures, advocates of reforms as they were being implemented and advocates of radicalizing such reforms were confronted; at the level of some constituent republics of the Soviet Union, particularly in the

Baltic and the Caucasus, and later also in Turkestan, the defenders of the Union's permanence and the defenders of the separation and independence of those republics (separation and independence formally easy to achieve, since the constitutional regime of the Soviet Union was that of a confederation, without limitations to the right of secession of the constituent republics) were also confronted, above all at the political level. The collapse of the Soviet sphere of influence in Europe naturally aggravated these conflicts by revealing and accentuating the weakening of the USSR's geostrategic position. The Soviet government attempted to respond with a constitutional reform strengthening central power and, in particular, transforming the constitutional regime from confederation to federation, with severe limitations on the right of secession of constituent republics. The reform failed in practice and led some sectors of the armed forces to carry out a coup d'état in August 1991 aimed at restoring traditional political and economic structures and in particular *de facto* political centralization. Although the Soviet government succeeded in defeating this coup d'état, it paved the way for the dissolution of the Union of Soviet Socialist Republics, which, in December 1991, split into its fifteen constituent republics: Armenia, Azerbaijan, Belarus, Estonia, Georgia, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan. Attempts to revive the confederation, first by replacing it with a Commonwealth of Independent States, in which Estonia, Latvia and Lithuania were not included, later by creating a confederation between Russia and Belarus open to the accession of other former Soviet republics, never came to fruition.

Some of the successor states of the Soviet Union then faced problems of delimitation and secession of republics and autonomous regions. The most important cases were: the dispute between Armenia and Azerbaijan over the Nagorno-Karabakh, later renamed Artsakh, region, which remained independent *de facto* under direct Armenian and indirect Russian protectorate until 2023, when Azerbaijan regained control of the region; attempts to separate Abkhazia and South Ossetia from Georgia and Transnistria from Moldova, with the support of Russia, which succeeded *de facto*; and attempts to separate Chechnya, Dagestan and Ingushetia from Russia, which were curbed by the central authorities after a long period of war.

The division of Yugoslavia and Czechoslovakia

The Soviet Union was not the only federal state to split into its constituent republics following the political transformations that took place in Eastern Europe from 1989. The same was true of Yugoslavia and Czechoslovakia (which had adopted a federal structure in the 1980s).

The process of division of Yugoslavia was relatively protracted and not peaceful. In 1992 Bosnia and Herzegovina, Croatia, Slovenia and Macedonia separated, only Serbia and Montenegro remaining united. Serbia tried unsuccessfully to oppose the division and then supported until 1995 attempts of some regions to secede from Croatia and Bosnia and Herzegovina, putatively with a view to a later connection to Serbia. In Croatia, the central government managed to eventually subject the

regions of Krajina and Slavonia. In Bosnia and Herzegovina, the Croatian component of the population, dominant in Herzegovina, and the Muslim component, dominant in part of Bosnia, teamed up in a Bosnia and Herzegovina Federation to combat the Serbian Republic, supported by the Serbian component of the population, dominant in the rest of Bosnia. The conflict ended only after the country was subject for all practical purposes to an international protectorate run by the Organization for Security and Cooperation in Europe. The Federation of Bosnia and Herzegovina and the Serbian Republic have formally become federated states of a strongly decentralized Bosnia and Herzegovina. Serbia and Montenegro separated in 2006. And even the autonomous region of Kosovo separated *de facto* from Serbia in 2008, although the separation was not formally accepted by Serbia (and by most countries of the European Union, which, however, supported the informal separation).

By contrast, Czechoslovakia's division into Czechia and Slovakia in 1993 proceeded peacefully.

Relations with the European Union

The European Community was involved in a process of supporting the transition of central and eastern European countries to democratic political regimes and market economies since the beginning of the process. On the one hand, the European Bank for Reconstruction and Development was created in 1991. On the other hand, the majority of these countries signed over the 1990s association treaties with the European Community with a view to initiating a process of accession in the medium term. To formally frame this process, the Copenhagen Summit set out in 1993 criteria for accession to the European Union, which became commonly known as the Copenhagen Criteria.

The European Bank for Reconstruction and Development

Although the European Bank for Reconstruction and Development was an initiative of the European Community, it was designed to pool public capital not only from the Community, the European Investment Bank and member countries, but also from potential beneficiary countries and other countries, particularly candidate countries, European Economic Area countries and OECD member countries.

Association processes

Association treaties with the European Community, later the European Union, were signed in 1992 by Czechoslovakia, Hungary and Poland, in 1995 by Romania, Bulgaria, Estonia, Latvia and Lithuania, in 1996 by Slovenia and in 2001 by Croatia.

Copenhagen criteria

The criteria formulated by the 1993 Copenhagen Summit to frame the accession of new members to the European Union were as follows:

1) Stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities.

2) Existence of a market economy, ability to cope with the pressure of competition in economic union and acceptance of adherence to monetary union.

3) Acceptance of transposition into national law of Community law (the so called 'acquis communautaire').

Although formally these criteria were only approved to frame the accession of the Central and Eastern European countries after the collapse of the Soviet sphere of influence in Europe, it is important to underline that they had already informally framed the first enlargement and the Mediterranean enlargement.

G – OTHER EUROPEAN ORGANIZATIONS

The Council of Europe

The establishment of democratic political regimes in several southern European countries in the 1970s and in Central and Eastern Europe following the collapse of the Soviet sphere of influence in Europe, in addition to the interest of small European states in participating in its activities, led to Council of Europe membership to increase very significantly during the period now under consideration. Thus, the new members were: in 1976, Portugal; in 1977, Spain; in 1978, Liechtenstein; in 1988 San Marino; in 1989, Finland; in 1990, Hungary; in 1991, Poland; in 1992, Bulgaria; in 1993, the Czechia, Slovakia, Slovenia, Estonia, Lithuania and Romania; and in 1994, Andorra.

From the Helsinki Final Act to the Paris Charter and the Organization for Security and Cooperation in Europe

Another consequence of the collapse of the Soviet sphere of influence in Europe and of the Soviet Union itself was the deepening of the process begun in the first half of the 1970s with the Helsinki Conference. At the 1990 Paris Conference, the Paris Charter was approved, which transformed the Conference for Security and Cooperation in Europe (which, it is recalled, had become permanent under the Helsinki Conference Final Act) into the Organization for Security and

Cooperation in Europe (OSCE), whose initial members were the participants in the previous Conference for Security and Cooperation in Europe.

The Organization for Security and Cooperation in Europe made in the following years some changes to its member states, as might be expected from changes in the political map of Europe. Already in 1990, the German Democratic Republic ceased to be a member due to its absorption by the Federal Republic of Germany. In 1991 Albania (which, it is recalled, had refused to attend the Conference on Security and Cooperation in Europe because of its political alignment with China within the international communist movement) became a member. Also in 1991, four of the republics resulting from the dissolution of the Union of Soviet Socialist Republics were admitted, namely Estonia, Latvia, Lithuania and Russia. The following year the remaining republics resulting from the same dissolution process – Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Ukraine, Tajikistan, Turkmenistan and Uzbekistan – were also admitted. In 1992 three members resulting from the dissolution of Yugoslavia – Bosnia and Herzegovina, Croatia and Slovenia – were admitted. In 1993, the two republics resulting from the dissolution of Czechoslovakia – Czechia and Slovakia – were admitted.

The Schengen Convention

In addition, in 1985 was signed in the Dutch city of Schengen a convention between the Federal Republic of Germany, Belgium, France, Luxemburg and the Netherlands for the abolition of systematic border control procedures in circulation between those countries, on the time horizon of a decade. This was an initiative aimed at taking advantage of the possibilities opened by the establishment of a customs and economic union between these countries to reduce the costs of transaction between them and to facilitate the daily life of citizens. It should be noted that in the case of the Federal Republic of Germany the Büsingen exclave (jammed in Switzerland) was excluded from the agreement, in the case of France it included the territory of Monaco (whose border with France is traditionally open), but the overseas departments and territories were excluded, and in the case of the Netherlands Aruba and the Netherlands Antilles were also excluded.

The Schengen Convention was later signed in 1990 by Italy (which also encompassed San Marino and Vatican, whose borders with Italy are traditionally open) and in 1992 by Spain, Portugal and Greece (in this case excluding the Holy Mountain Autonomous Monastic State, established on Mount Athos and which traditionally maintains restrictions on the movement of persons and goods with the rest of Greek territory – for example, the ban on female entry, except in exceptional circumstances – restrictions accepted and recognized by the Greek state).

CHAPTER 6 – FROM THE EUROPEAN UNION TO THE TREATY OF LISBON (1993- 2009)

Between the entry into force in 1993 of the Treaty of Maastricht that created the European Union and the end of the first decade of the 21st century, the European Union lived a period of very significant institutional changes and membership enlargement.

A – INSTITUTIONAL CHANGES OF THE EUROPEAN UNION

Treaty of Amsterdam

The Treaty of Amsterdam was signed in 1997, replacing the Maastricht Treaty as the fundamental treaty of the European Union from its entry into force in 1999.

The main innovations of the Treaty of Amsterdam may be summarized as follows:

(a) The subjects to be dealt with through the co-decision procedure between the Council and Parliament on a proposal from the Commission were broadened and it can be said that this became the normal legislative procedure within the European Union.

(b) The appointment of the President of the Commission became subject to ratification by the Parliament. The appointment of the other members of the Commission became subject to agreement between the President of the Commission and the governments of the member states and the ratification of Parliament.

(c) The office of High Representative of the European Union for Foreign Policy, designated by the Council, was created and the common foreign and security policy strengthened, in particular by the absorption of the Western European Union within the institutions of the European Union.

(d) The safeguards of individual citizens' rights were strengthened, notably through police and judicial cooperation, in particular through the absorption of the Schengen Convention within the institutions of the European Union.

Treaty of Nice

The Treaty of Nice was signed in 2001, replacing the Treaty of Amsterdam as the fundamental treaty of the European Union from its entry into force in 2002.

The main innovations of the Treaty of Nice were adjustments to the voting rules in the Council: the principle of double majority, of member states and qualified votes, was introduced for decision-making; and any member state could also claim verification of a third majority, of the population of the member states. The representation of the member states in the Parliament was also adjusted, with a view to allowing enlargement to twenty-seven member states. In addition, steps were taken to facilitate the formal extinction of the European Coal and Steel Community by terminating the 1951 Paris Treaty (which entered into force in 1952 for a period of fifty years).

The Treaty of Nice faced some difficulty in ratification because of its rejection in a first referendum in Ireland. However, after some adjustments involving guarantees on the neutrality status and the need for the Irish Parliament to approve any involvement in enhanced cooperation processes, the Treaty was adopted in a second referendum.

The Constitutional Treaty

In 2004, a Treaty, commonly known as the Constitutional Treaty, establishing a Constitution for Europe to replace the Treaty of Nice as the fundamental treaty of the European Union, was signed. Unlike all other fundamental treaties of the European Communities, the European Community and the European Union, negotiated only between the governments of the member states, the Constitutional Treaty was prepared by a European Convention, bringing together representatives of the bodies of the European Union, the governments and parliaments of the member and candidate states and European social partners and chaired by the former President of the Republic of France, Valéry Giscard d'Estaing. It seemed, therefore, from the outset to be in a position to be a more perfect reflection of the forces in European society.

As its name implied, the main innovation of the Constitutional Treaty was the adoption of a constitution creating a true European state in the form of a confederation. In particular, it formally established the respective symbols: flag with twelve gold stars arranged in a circle over a blue field (already adopted as the European Community flag since 1986); hymn based on the prelude to the fourth movement of the Ninth Symphony by Ludwig von Beethoven (already adopted as a hymn of the European Communities since 1972); "United in diversity" motto; and Europe Day, 9 May (anniversary of the end of World War II in Europe and the 1950 Schuman Declaration).

The European Constitution pointed out as values of the Union, common to the member states, human dignity, freedom, democracy, equality, the rule of law and respect for human rights, in a society characterized by pluralism, tolerance, justice, solidarity and non-discrimination. The objectives of the Union were: to promote peace, its values and the well-being of its peoples, by providing its citizens with an area of freedom, security and justice without internal borders and a single market with free and undistorted competition; combating social exclusion and discrimination by promoting social justice and protection, equality between women and men, intergenerational solidarity and the protection of

children's rights; economic, social and territorial cohesion and solidarity among member states; sustainable development based on economic growth and price stability, leading to a highly competitive social market economy; and respect for cultural and linguistic diversity and the safeguarding and development of the European cultural heritage. In its relations with the rest of the world the Union set out to: affirm and promote its values and interests; contribute to peace, security and sustainable development of the planet, solidarity and mutual respect between peoples, free and equitable trade, the eradication of poverty and the protection of human rights and the strict observance and development of international law.

In defining the competences conferred on the Union, the Constitution affirmed the principle that all Union competences are the result of the conferral by member states (and not of their own right), the non-conferred competences belonging to the member states. In exercising these powers, the Union should be guided by two other fundamental principles: the principle of subsidiarity – when it does not have exclusive competence, it should intervene only for reasons of efficiency (as public authority must be exercised at the most decentralized level where it can be effective); and the principle of proportionality – it should to intervene only to the extent necessary to attain the ends of the Union (since public authority must be exercised only to the extent necessary to achieve its intended objectives). While reaffirming the rule of primacy of Community law, the Constitution restricted the Union's exclusive competences to those already existing: customs union, with the consequent common commercial and competition policies; monetary union; conservation of marine biological resources under the common fisheries policy; and establishing agreements with third countries in these fields. The competences shared between the Union and the member states were also maintained: internal market; area of freedom, security and justice; agriculture and fisheries; transportation; energy; social policy; economic, social and territorial cohesion; environment; consumer protection; and public health. Finally, the Union's own but not exclusive competences in space exploration, development cooperation and the common foreign and security policy remained. In addition to these competences, the Union would act in areas agreed between member states, particularly in coordinated efforts between them.

From an institutional point of view, the Constitution introduced several innovations, in particular:

a) Formalized the existence of the European Council, bringing together the Heads of State and Government of the member countries and created the post of President of the European Council, elected by the Council itself, with a term of office of two and a half years, renewable once.

b) Created in the Council, which was renamed the Council of Ministers, the distinction between: the Legislative and General Affairs Council, whose presidency would continue to rotate among the member states, now for periods of one year; the Foreign Affairs Council, chaired by the Minister of the Union for Foreign Affairs; and other specialized formations established by deliberation of the European Council.

(c) Created the post of Minister of the Union for Foreign Affairs, merging the post of High Representative of the European Union for Foreign Policy and of Commissioner for External Relations. The Minister would automatically be Vice-President of the Commission and President of the Council of Ministers of Foreign Affairs.

(d) Extended matters subject to decision by the Council by qualified majority, requiring a majority of 55% of the members (72% in the case of the Council's own initiative), representing 65% of the population, maintaining the unanimity rule for harmonization for tax, social security, foreign policy and defence matters.

e) Reduced the number of Commissioners to fifteen, with the member states designating the Commissioners on a rotating basis.

(f) Established the election of the President of the Commission by Parliament on a proposal from the European Council.

g) Reduced the number of members of Parliament to 736.

(h) Generalized the co-decision procedure between the Council and Parliament to the legislative process.

(i) Gave the national parliaments the capacity to intervene in the European legislative process in an advisory capacity.

(j) Gave citizens the capacity to intervene through the compulsory consideration of proposals signed by at least one million European citizens.

In accordance with the confederate principle, the Constitution provided for a mechanism of abandonment by a member state. Any member state could leave the Union within two years of notice, or sooner if agreement would be reached between the state in question and the Union.

The Constitution included the Charter of Fundamental Rights of the European Union drawn up by a Convention designated by the 1999 Cologne Summit and approved by the 2000 Biarritz Summit, following the Court of Justice ruling in 1996, which prevented the Union from becoming a signatory of the European Convention on Human Rights, although all member states are, on the grounds that the Union could not formally submit to the decisions of the European Court of Human Rights.

The Constitutional Treaty of the European Union was ratified by fifteen members of the European Union: Germany, Austria, Belgium, Cyprus, Slovakia, Slovenia, Spain, Estonia, Greece, Hungary, Italy, Latvia, Lithuania, Luxembourg and Malta. However, it was rejected when submitted to referendum in France and the Netherlands. Therefore, its entry into force became virtually impossible and the ratification process by the other member countries was suspended.

Treaty of Lisbon

The impossibility of the entry into force of the Constitutional Treaty led to unquestionable obstacles to the functioning of the European Union, particularly from an institutional point of view,

which needed reform to allow further deepening and enlargement. With a view to overcoming this impasse, a new treaty, the Treaty of Lisbon, was signed in 2007 to replace the Treaty of Nice as the fundamental treaty of the European Union.

It can be said that, essentially, the Treaty of Lisbon introduced the institutional innovations provided for in the Constitutional Treaty, without the formalism of creating a European Confederate state. Meanwhile, sixteen member states – Austria, Belgium, Bulgaria, Cyprus, Germany, Greece, Hungary, Italy, Lithuania, Luxembourg, Malta, Portugal, Romania, Slovakia, Slovenia and Spain – signed an annexed statement bearing the European symbols provided for in the Constitutional Treaty.

The entry into force of the Treaty of Lisbon faced difficulties, particularly as a result of its rejection when it was submitted to a referendum in Ireland, some reluctance of Czechia and Poland to ratify it and questions raised about its constitutionality in Germany. Overcoming these difficulties, in particular through a second positive referendum in Ireland, the Treaty of Lisbon entered into force on 1 December 2009.

B – ENLARGEMENTS OF THE EUROPEAN UNION

The enlargement of the European Union to Austria, Finland and Sweden and the failure of Norway's second accession attempt

In 1987 the European Community received Turkey's application for membership and in 1990 Malta and Cyprus applied for membership. However, these candidacies raised some political problems, which did not allow negotiations with these countries to start immediately.

The formal constitution of the European Economic Area did not satisfy some of the EFTA countries, which applied for membership of the European Union. This was the case of Austria in 1989, Sweden in 1991, Switzerland and Finland in 1992 and Norway in 1993. These cases did not give rise to any political or economic problems, as they were small, highly developed economies already belonging to the European Economic Area. Talks were therefore swift and the accession treaties of Austria, Sweden, Finland and Norway were signed in 1994 (Switzerland had in the meantime withdrawn the application in line with the decision not to join even the European Economic Area). Norway, however, repeated its 1972 performance: subject to referendum, the accession treaty was rejected. Therefore, only Austria, Sweden and Finland joined the European Union in 1995.

The enlargement of the European Union to Austria, Finland and Sweden showed that the Union can be attractive to small, highly developed European countries. Moreover, it seems clear that, in the absence of particular circumstances, it is even more convenient for these countries to be inside than to be outside the Union, because the intensity of their relations with the Union implies the need to harmonize many aspects of their economic life with those of the Union, namely Union's policies and

regulations, and it is important to have a say in formulating these policies and regulations. Particular circumstances may change the situation. This is the case with the North Atlantic maritime countries and autonomous regions, due to the fishing interests, as was explained before.

Pre-accession support

Throughout the relatively long periods of membership preparation, the candidate countries of central and eastern Europe were supported by a number of specific instruments created by the European Union.

In 1993, PHARE (Poland and Hungary Assistance for Reconstructing their Economies) was created, which, as its name implied, was intended to support the reconstruction of the economies of Poland and Hungary as market economies, but whose action was later extended to almost all Central and Eastern European countries – Bulgaria, Czechia, Estonia, Latvia, Lithuania, Romania, Slovakia and Slovenia – to the same end. In 1999, two specialized funds were also created to support the applicant countries of Central and Eastern Europe: the Special Accession Program for Agriculture and Rural Development (SAPARD), specifically for agriculture and rural development, and the ISPA (Instrument Structural Policies for Pre-Accession), intended for transport, communications and environment related infrastructures. In 2001, the Community Assistance for Reconstruction, Development and Stability in the Balkans (CARDSB) was set up to support Albania and the former Yugoslav Republics not yet formally applying for membership: Bosnia and Herzegovina, Croatia, Macedonia, Montenegro and Serbia and also specifically Kosovo. In 2007, all these programs were merged into one single pre-accession assistance financial instrument, the availability of which was also extended to Turkey.

Enlargement to the east and to the Mediterranean islands

Having established the status of association for the countries of central and eastern Europe, applications for membership soon came: from Hungary and Poland in 1994, from Romania, Slovakia, Latvia, Estonia, Lithuania and Bulgaria in 1995, Slovenia and Czechia in 1996. These applications raised a number of problems due to the low level of development, the newly emerging market economic structures and the total size of the candidates. Negotiations were however opened with these ten countries, as well as with Cyprus and Malta, which eventually led to their accession. Accession treaties were signed in 2003 with Malta, Cyprus, Czechia, Hungary, Poland, Slovakia, Latvia, Estonia, Lithuania and Slovenia, which became members of the European Union in 2004. In 2005, accession treaties were signed with Bulgaria and Romania, which became members of the European Union in 2007. In all cases long transitional periods were agreed to adapt the structures of the new members' economies.

Other association treaties

Meanwhile, association treaties were also signed with Croatia and Macedonia in 2001, Bosnia and Herzegovina, Montenegro and Serbia in 2008 and Albania in 2009.

Organs of the European Union

The successive enlargements of the European Union naturally required the adjustment of the composition of the community bodies. The membership of the Commission was increased to twenty-seven, and there are no longer any member states with the possibility of appointing more than one commissioner. Naturally, the Council now had representatives from the new member states, and the weighting of votes was changed. The Court of Justice also increased the number of judges to twenty-seven, now having representatives from the new member states. Parliament increased the number of its members.

C – THE EUROPEAN MONETARY UNION

The second phase of monetary union

The jolts that affected the process of European monetary union at the end of its first phase did not seriously affect the achievement of the second phase. Thus, the European Monetary Institute was in fact established and most European Union member countries made the necessary adjustments to their central banks regimes to eliminate any rules that would allow credit to the public sector on a privileged basis or to comply with instructions of political power in the conduct of monetary policy.

The third phase of monetary union

Due to the jolts that affected the European Monetary Union process at the end of its first phase, the conditions for moving to the third phase were not met within the shorter timeframe initially envisaged (1 January 1996) and it was therefore necessary to postpone this passage to the maximum limit provided. Indeed, in 1995 only Luxembourg fully fulfilled the conditions for access to the third stage of monetary union, and only in 1998 did a majority of the member countries fulfil these conditions.

In the meantime, the Austrian shilling and the Swedish krona acceded to the exchange rate mechanism in 1995 as soon as Austria and Sweden joined the European Union. In 1996, there was still need for a realignment of parities (depreciating the Spanish peseta and the Portuguese escudo),

but the Finnish mark also accessed the exchange rate mechanism and the Italian lira returned to it. In 1998, a slight parity readjustment took place (with the revaluation of the Irish pound), but the Greek drachma also acceded to the exchange rate mechanism.

In 1995 it was also decided by the Madrid Summit that there would be a single European currency in the third phase of monetary union (not just fixed and irrevocable exchange rates between participating currencies) and that the currency unit would be called euro, although it was identical in value to the previous European unit of account (ECU).

In 1999 a monetary union was finally established among eleven of the then fifteen members of the European Union: Austria, Belgium, Spain, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands and Portugal. It should be noted that the assessment of compliance with the criteria for accession to monetary union was quite flexible, particularly as regards the weight of government debt in gross domestic product, given the general belief that the advantages of monetary union, especially in reducing transaction costs would be maximized to the greatest extent possible. Greece was excluded from the monetary union because it clearly did not meet the conditions for entry, and Great Britain, Denmark and Sweden were absent by choice. In the cases of Great Britain and Denmark, the possibility of such an option not to participate in the monetary union had been accepted in the Maastricht Treaty and was used. In the case of Sweden, the opt-out clause did not exist and it was necessary to use the formal argument of non-fulfilment of the criteria to justify the absence from the monetary union, although the real reason was the political option. Denmark and Sweden subsequently held referendums on the entry into the European Monetary Union, respectively in 2000 and 2003, both with negative results.

It should be noted that the fact that the monetary union does not cover all member states of the European Union meant that within the European Central Bank, in which, according to the statutes, all central banks of the member states of the European Union participate, the so-called Eurosystem, of which only the central banks of the countries participating in the monetary union are members, had to be created, for the formulation of the monetary policy of the monetary union.

The second European Monetary System

The fact that the monetary union does not cover all the member states of the European Union also forced a new regime for relations between the different monetary spaces within the European Union. This regime was a new European monetary system. In practice, it is a system that is at all analogous to the first European monetary system, except that the reference currency became the euro, that is to say, the currency of the main monetary space of the Union, and not a weighted average of the currencies of the participating countries.

The Stability and Growth Pact

A final element in the mechanisms of the monetary union was the Stability and Growth Pact. The Pact aims to ensure the indispensable coordination of fiscal policies, so that the conduct of fiscal policy by one member state cannot harm the others, in particular by the disruptions caused by the contraction of public debt in the financial markets. In the Pact, the European Union member states pledged to keep their public accounts balanced on average over the economic cycle and not to have excessive negative balances in the public accounts in years of unfavourable economic situation, which means a negative balance in the public accounts exceeding in absolute value 3% of gross domestic product, except in the event of a severe recession, in turn defined as a reduction in gross domestic product of more than 1,5% per year (in special circumstances 0,75% per year). In the event of an excessive negative balance in the public accounts of a member state, the Council of Ministers of Economy and Finance shall, by qualified majority vote in which the state concerned does not participate, initiate proceedings against the state concerned. If the state concerned does not correct the situation until the year following that in which it was detected, it will be required to make a deposit with the European Central Bank. Such a deposit can be withdrawn only after the excessive negative balance disappears and becomes a fine if such normalization does not occur within two years.

As almost no member of the European Union respected the rule of balance of public accounts on average over the economic cycle at the time the monetary union was formed, a deadline was given until 2004 to achieve this, and members of the European Union were obliged to prepare stability and growth programs to obtain balanced public accounts that year.

Operation and enlargement of the monetary union

Between 1999 and 2001, the European Monetary Union operated at the level of the unit of account only, with separate means of payments remaining in the various participating countries, albeit formally only as local denominations of the euro. Euro-denominated coins and banknotes were issued in early 2002, rapidly replacing previous coins and banknotes as planned and without disturbing the monetary life of the countries participating in the union.

Meanwhile, in 2001 Greece had become the twelfth member of the European Monetary Union, which was later extended to other member states of the European Union. This was the case, during the period under consideration, of Slovenia in 2006, Cyprus and Malta in 2008 and Slovakia in 2009. Andorra, Monaco, San Marino and Vatican, which previously had no currency of their own and used the currency of neighbouring countries that became part of the union (Spain and France for Andorra, France for Monaco and Italy for San Marino and the Vatican) also started to use the euro as a unit of account and means of payment since 2002. Monaco, San Marino and the Vatican even entered into agreements with the Eurosystem to issue euro means of payment in the form of metallic currency.

Other countries also adopted the euro as their currency, although they do not belong to the monetary union, or even to the European Union. This is the case in particular for Kosovo and Montenegro. The same is true, but in parallel with the Turkish lira in the Turkish Republic of Northern Cyprus.

Operation of the second European monetary system

It cannot be said that the second European monetary system operated as originally planned. In fact, five different situations occurred:

(a) The Danish krone remained in the exchange rate mechanism of the European monetary system, according to its rules.

(b) The British pound sterling remained absent from the exchange rate mechanism of the European monetary system.

(c) The Swedish krona abandoned the exchange rate mechanism of the European monetary system with a view to maintaining formal non-compliance with the conditions necessary for accession to the monetary union.

(d) The Cypriot pound, the Estonian krone, the Latvian lat, the Lithuanian litas, the Maltese lira, the Slovak koruna and the Slovenian tolar were part of the exchange rate mechanism of the European Monetary System following their accession to the Union. Of course, the Cypriot pound, the Maltese lira, the Slovak koruna and the Slovenian tolar ceased to exist when their countries acceded to the European Monetary Union.

(e) The Bulgarian lev, the Czech krona, the Hungarian forint, the Polish zloty and the Romanian leu remained absent from the exchange rate mechanism of the European monetary system, even after their accession to the European Union.

Operation and revisions of the Stability and Growth Pact

The negative economic situation that characterized the early years of the 21st century prevented the Stability and Growth Pact from being implemented as expected. Firstly, the Pact was rapidly forgotten in practice for countries not belonging to the monetary union. Secondly, the deadline for obtaining balanced public accounts was successively postponed from 2004 to 2006 and from 2006 to 2011. Thirdly, although procedures for excessive negative balances in public accounts were applied against Portugal in 2002 and against Greece in 2002 and 2005, the same did not happen under equivalent circumstances for Germany (which reported excessive negative balances between 2003 and 2006) and France (which reported excessive negative balances between 2003 and 2007).

In 2005 the Pact was partially revised. Instead of the actual balance of the public accounts, the balance corrected for the cyclical effect of the economic situation was considered relevant, and the possibility was opened for the restoration of normality in the event of an excessive balance being

made, not immediately, as initially required, but in accordance with a phased program presented by the country concerned and approved by the Council of Ministers of Economy and Finance. This possibility was used by Portugal during a new excessive negative balance procedure in 2005.

D – OTHER ELEMENTS OF THE EUROPEAN UNION

Reform of the common agricultural policy

The common agricultural policy underwent in 2003 a further reform, which was based on three principles: modulation of aid, which corresponds to its formal indexation to indicators of the objectives pursued by the policy and generally involves its reduction; environmental conditioning; and disconnecting the level of aid from production.

The European Investment Fund

In 2000, the European Investment Fund was set up as an organization associated with the European Investment Bank to provide venture capital. The creation of a group of the European Investment Bank, formed by the Bank and the Fund, was immediately outlined.

The Schengen Space

It was in 1995 that the abolition of systematic border control procedures in circulation between most of the Schengen Convention countries mentioned in the previous chapter – Germany, Belgium, Spain, France, Luxembourg, the Netherlands and Portugal – was effectively implemented. Italy (where implementation took place in 1997) and Greece (where implementation took place in 2000) were left out only for a while.

The number of countries that subscribed to the Convention then expanded very significantly, not only with most EU member countries, but also with other member countries of the European Economic Area. Thus, the Schengen Convention was signed in 1995 by Austria, in 1996 by Denmark, Finland, Iceland, Norway and Sweden, in 2004 by Cyprus (excluding the territory effectively controlled by the Turkish Republic of Northern Cyprus), Czechia, Slovakia, Slovenia, Estonia, Hungary, Latvia, Lithuania, Malta, Poland and Switzerland, in 2007 by Bulgaria and Romania and in 2008 by Liechtenstein. Even Britain and Ireland have joined the Convention, although they did not foresee the abolition of systematic border control procedures in circulation with the remaining subscribers (in the case of Britain including Gibraltar, but without including Guernsey, Jersey, Man and the overseas territories).

The reciprocal implementation of the abolition of systematic procedures for border control in the movement with the remaining subscribers was effected in 1997 in Austria, in 2001 in Denmark, Finland, Iceland, Norway and Sweden, in 2007 in Czechia, Slovakia, Slovenia, Estonia, Hungary, Latvia, Lithuania, Malta and Poland and in 2008 in Liechtenstein and Switzerland (in the latter case ending the exception to the German Büsingen exclave).

E – EXTERNAL RELATIONS OF THE EUROPEAN UNION

The new context of the World Trade Organization (WTO) and regional economic and trade organizations

The framework of the trade relations of the European Union with the rest of the world was profoundly changed with the establishment of a new international trade framework as a result of the so-called GATT Uruguay Round. In fact, the respective negotiations led to the 1994 Marrakesh Treaty, which created a World Trade Organization (WTO), which is analogous to the International Trade Organization (ITO) that had been foreseen following the Havana Conference but was not formed in the 1940s. Particularly important is the fact that the system of non-discrimination commitments (with traditional positive exceptions of free trade areas and customs unions), which was already the framework for trade relations of the European Union with the rest of the world, became subject to arbitration by an international organization.

Notwithstanding this evolution towards a higher degree of regulation of international trade, the first negotiation round for liberalization of international trade organized by the WTO during the first decade of the 21st century, the Doha Round, was a failure and did not contribute to the achievement of its goals.

Cooperation with African, Caribbean and Pacific countries

One of the consequences of this new framework for international trade was the need to review the kind of relations that the successive Lomé Conventions had established between the European Union and the associated countries of Africa, the Caribbean and the Pacific. This was done through the Cotonou Agreement signed in 2000 with seventy-six associated states. It was twice revised, in 2005 by the Luxemburg Agreement and in 2010 by the Ouagadougou Agreement.

The main innovations introduced by the Cotonou Agreement in the context of the new framework for international trade were the establishment of Economic Partnership Agreements with the countries of the group, or their regional groupings, based on three principles: reciprocity; regionalism; and the special treatment of the least developed countries. The system of generalized

preferences was replaced by the gradual establishment of a free trade area between the European Union and the associated countries of Africa, the Caribbean and the Pacific. Six regional groupings were created within the group of countries, which in fact formed a formal summit organization through the 2002 Georgetown Agreement.

The Mediterranean Partnership

In 1995, a Euro-Mediterranean Conference was held in Barcelona, which triggered a partnership process between the European Union and the Mediterranean Basin countries to:

a) The definition of a zone of peace and stability by strengthening the political and security dialogue.

(b) The construction of a shared prosperity zone through economic and financial partnership and the gradual establishment of a free trade area.

c) The rapprochement between peoples through a social, cultural and human partnership, seeking to encourage understanding of cultures and contacts between civil societies.

In addition to the EU member states, four Mediterranean candidate countries – Cyprus, Malta, Croatia and Turkey –, four Maghreb countries – Algeria, Morocco, Mauritania and Tunisia – and five eastern Mediterranean countries – Egypt, Israel, Jordan, Lebanon and Syria – together with the Palestinian Authority participated in the process as Mediterranean partners. In 2000, Libya joined the process as an observer. In 2004, the status of Cyprus and Malta in the process changed due to their accession to the European Union.

The functioning of the European Union's Mediterranean Partnership was greatly hampered by the continuing conflicts between Israel and the Palestinian Authority, between Israel and Lebanon and between Israel and Syria (and by the stalemate in the development of Israeli relations with the other Arab countries, even with those, such as Egypt and Jordan, with which it concluded peace treaties). In any case, it was boosted by a new Barcelona Summit in 2005, which was also attended by Albania, Bosnia and Herzegovina, Macedonia, Monaco and Montenegro, and the proposal in 2008 for a Union for the Mediterranean.

The establishment of a Euro-Mediterranean free trade area made important progress with the establishment of free trade agreements involving the European Union, the candidate countries, the EFTA countries and some Mediterranean Partnership countries (Algeria, Egypt, Jordan, Lebanon, Morocco, Syria and Tunisia, together with the Palestinian Authority), but still faced difficulties, mainly because of the impossibility of establishing such agreements simultaneously involving the Arab countries and Israel.

Regional economic and trade organizations

Another important modification of the economic and commercial context in the late 20th and early 21st centuries was the constitution or consolidation of organizations framing regional spaces in other parts of the world. Of particular note were the North American Free Trade Association (commonly known as NAFTA), Mercosur and Asia Pacific Economic Cooperation (commonly known as APEC).

NAFTA

NAFTA's origins can be said to trace back to a free trade agreement between the United States of America and Canada established in 1988, joined by Mexico through an agreement signed in 1992 and which entered into force in 1994 (after some ratification difficulties, especially in the United States of America). As its name implies, it was an agreement for the establishment of a free trade area focusing on industrial products and services, with additional protocols on trade in agricultural products, movement of persons and establishment of residence and cooperation on environment issues.

Although economic relations between the European Union and NAFTA countries were, as might be expected, very intense, there was no global economic or trade agreement between the European Union and NAFTA during the period under consideration. The main cooperation organization between most EU countries and NAFTA countries remained the OECD.

The Mercosur

Mercosur's origins date back to the Program of Economic Integration and Cooperation agreed in 1985 between Argentina and Brazil. In 1991, the Asuncion Treaty brought these two countries together with their neighbours from the southern cone of South America, Paraguay and Uruguay, in the project of establishing a free trade zone, which was implemented over the following years.

In 2005, the association between Mercosur and another South American regional organization, the Andean Community, was agreed, encompassing four other countries on the west coast of the continent: Bolivia, Chile, Ecuador and Peru. In the same year, Colombia became an associated state, and Venezuela signed a treaty for membership of Mercosur in 2006, but this treaty did not enter into force during the period under consideration because it was not ratified by Brazil and Paraguay due to political frictions with the Venezuelan government.

Economic and trade relations between the European Union and Mercosur are very intense, leading in 1995 to a free trade agreement, implemented from the year 2000.

APEC

APEC – Asia-Pacific Economic Cooperation was established in 1989 as a forum for economic cooperation between twelve countries – United States of America, Australia, Brunei, Canada, Indonesia, Japan, Republic of (South) Korea, Malaysia, New Zealand, Philippines, Singapore and Thailand –, joined in 1991 by China, in 1993 by Mexico and Papua New Guinea, in 1994 by Chile, and in 1998 by Peru, Russia and Vietnam. During the period under consideration, it always retained its original character and never evolved into a formal commercial space.

Although economic relations between the European Union and the APEC countries intensified, as might be expected, during the period under consideration, there was no global economic or trade agreement between the European Union and APEC, even due to its still informal nature.

F – OTHER EUROPEAN ORGANIZATIONS

Evolution of the political map in the Balkans and the Caucasus

Two regions of Europe maintained some political instability in the period since the collapse of the Soviet sphere of influence in Europe and the Soviet Union itself.

One region of great instability was the Balkans, especially the Western Balkans and more precisely the southern part of the former Yugoslavia. Even after the end in 1995 of what may be termed the wars of independence of the Yugoslav republics from Serbia, tension in Serbia itself continued because of the attempt to end the autonomy of the regions of Kosovo (largely populated by Albanians) and Vojvodina (whose population is mostly Hungarian). The result was a civil war in Kosovo, which only ended in 1999 with the region being subject to an effective NATO-managed international protectorate that separated it for all practical purposes from Serbia after a short war between NATO and Yugoslavia. The situation was further complicated in 2008 by the unilateral declaration of independence by Kosovo, recognized by some, but not all, members of the European Union and the United States, but not by Serbia and Russia. Moreover, in 2003 Serbia and Montenegro abandoned the designation of Yugoslavia and in 2006 separated peacefully. Macedonia also had some problems of agitation of its Albanian-speaking minority.

Another region with great instability was the Caucasus, due to three conflicts. One opposing Armenia and Azerbaijan around the Artsakh (former Nagorno-Karabakh) region, formally integrated into Azerbaijan, but claimed and partly occupied by Armenia because the majority of the population is Armenian-speaking. Another opposing Georgia and Russia around the autonomous republics of Abkhazia and South Ossetia, formally integrated in Georgia, but which unilaterally proclaimed independence, with almost exclusive recognition by Russia. A third opposing Russia and some of its

autonomous republics in the region, particularly Chechnya, Dagestan and Ingushetia, which sought to separate and proclaim their independence.

Another situation of *de facto* autonomy not recognized by the central government was that of Transnistria vis-à-vis Moldova.

The EFTA

With regard to the EFTA, the replacement of the Stockholm Convention by the Vaduz Convention as the fundamental treaty of the Organization should be noted.

The Council of Europe

The number of Council of Europe member countries continued to increase mainly as a result of the gradual stabilization of democratic regimes in the countries of the former Soviet sphere of influence. Thus, were accepted as new members: in 1995 Albania, Latvia, Macedonia, Moldova and Ukraine; in 1996, Croatia and Russia; in 1999, Georgia; in 2001, Armenia and Azerbaijan; in 2002, Bosnia and Herzegovina; in 2003, Serbia and Montenegro; and in 2004, Monaco. The 2006 dissolution of Serbia and Montenegro finally gave rise to two new members, Serbia, admitted in 2006, and Montenegro, admitted in 2007.

Organization for Security and Cooperation in Europe

With regard to the Organization for Security and Cooperation in Europe, it is only necessary to note the entry as a member in 2000 of Yugoslavia (from 2003 called Serbia and Montenegro) and the acceptance in 2006 as members of the two states resulting from the dissolution of the Serbia and Montenegro, Montenegro and Serbia.

CHAPTER 7 – RECENT EVOLUTION OF THE EUROPEAN UNION (2009-2024)

Since the end of the first decade of the 21st century, the European Union has faced a series of crises that have significantly put the operating mechanisms implemented so far to the test.

This period was also marked by changes of the member states of the Union, particularly by the accession of Croatia, by the process of Great Britain leaving the Union in the second half of the second decade of the century, and by the gradual enlargement of monetary union.

2022 witnessed the beginning of a military conflict between Russia and Ukraine that jeopardized most of the European security mechanisms implemented in the previous decades.

A – SHORT-TERM PROBLEMS

The first crisis faced in the 21st century by the European Union was what became known as the Great Recession, which began at the end of the first decade of the 21st century. The so-called sovereign debt crisis followed during an important part of the following decade. The recovery of the economic situation coincided with the paroxysm of a wave of migration to Europe across the Mediterranean, commonly called the migration crisis or refugee crisis. And the last year of the decade saw the triggering of the greatest health crisis experienced in its history by the contemporary world society, with special focus on Europe.

The Great Recession

The Great Recession was triggered in the United States of America in late 2007 by the bursting of a speculative bubble linked to credit securitization.

The crisis was rapidly transmitted to the world economy in general and had a particular impact on the European Union, due to the absence of a coordinated countercyclical response policy by the member states of the Union. As a matter of fact, a plan was drawn up involving a fiscal stimulus to the European economy, supported by flexibility in the monetary policy of the euro area, which was perfectly tolerable, even in the framework of the strict monetary policy rules imposed by the statutes of the European System of Central Banks, due to the downward trend in the price level that prevailed for some time. However, the governments of the member states did not efficiently coordinate the implementation of the fiscal stimulus; and no mutual support mechanism, or support from the

European System of Central Banks, was implemented in achieving the planned fiscal stimulus to the economy, which gave rise to subsequent problems.

In any case, the crisis was overcome at the beginning of the second decade of the century, largely thanks to the recovery of the world economy as a whole, driven by a more effective countercyclical economic policy response in the United States of America and a relatively favourable performance of the economy of China.

The sovereign debt crisis

The sovereign debt crisis can be considered the result of the absence of any mutual support mechanism, or support from the European System of Central Banks, in achieving the planned fiscal stimulus to the economy following the so-called Great Recession, as already pointed out above. In fact, the implementation of this stimulus was left to the initiative (moreover uncoordinated and therefore relatively inefficient) and responsibility of the member states, which caused the worsening of the financing terms of those who had to carry out this process under more unfavourable conditions.

These unfavourable conditions resulted from two main circumstances:

- serious problems in the solvency of banking organizations, which the governments intended to prevent from going into suspension of payments (and which the European System of Central Banks proved unable to support due to the rules laid down by their statutes) – this was the case in Ireland, Cyprus and Spain;
- combining significant negative balances of public accounts and external payments – this was the case in Greece, Portugal and Spain.

Other countries experienced tensions of the same kind, but they have not been so serious – this was especially the case in Italy and Belgium.

The risk of suspension of public debt payments from these states prompted a three-step response:

- the design of extraordinary programs to support the financial stabilization of Greece, Ireland, Portugal and Cyprus by the European Union, the European Central Bank and the International Monetary Fund (a group of organizations that became known as the Troika) and Spain by the European Union;
- the establishment of a European Financial Stabilization Mechanism;
- the European Central Bank's intervention in the secondary public debt market, indirectly supporting the financing of the states in worst situations (it should be noted that, due to the limitations set out in the statutes of the European System of Central Banks, this support could not be carried out by direct financing of states, nor even by intervention in the primary market for public debt).

The extraordinary programs to support financial stabilization were accompanied by constraints on the budgetary policies of the supported states, which had recessive effects on their economies

(these constraints were not explicit in the case of Spain, but were in practice identical). In any case, all sovereign debt crises were eventually overcome, albeit with a very different degree of difficulty depending on the type and intensity of the basic problems: crises resulting from serious problems of solvency of banking organizations were resolved easier and faster than those resulting from the combination of significant negative balances of public accounts and external payments; the most complicated case was Greece, which required a succession of three extraordinary programs to support financial stabilization until the problems were overcome as late as 2019.

The European Financial Stabilization Mechanism did not play a decisive role in the process, although it was an instrument formally mobilized by the European Union in most cases. In fact, not only was it not mobilized in some programs, but its contribution when it was mobilized turned out to be relatively modest, partly as a consequence of its equally modest capacity. In fact, the contributions of other instruments of the European Union, the European Central Bank and the International Monetary Fund were clearly higher.

Finally, the European Central Bank's intervention in secondary public debt markets turned out to be decisive for the consolidation of stabilization, although it left a somewhat negative element in terms of subsequent action: very low interest rates, even negative interest rates in some cases, in the Bank's lending and even in market operations.

One last element that resulted from this process was an amendment of the commitments of the member states of the Union in relation to the management of public accounts. The Stability and Growth Pact was revised with the aim of addressing the ratios between public account balances and gross domestic product and between public debt levels and gross domestic product to levels considered reasonable (as a reference, the balancing of public accounts throughout the cycle and the 60% ratio between public debt and gross domestic product initially foreseen at the time of the constitution of monetary union). However, this Treaty on stability, coordination and governance of economic and monetary union was intergovernmental in nature, revealing divergences between the member states, as Czechia and Great Britain refused to sign it.

The migration crisis

The existence of a significant flow of immigration to Europe mainly from Africa and South-West Asia has been a structural constant since the late 20th century and is easily explained by the fact that Europe is a region with a high degree of development and standards of living and with an ageing and declining population due to mortality tending to exceed birth rates and the regions that are the main origins of this migratory flow are relatively less developed with lower average living standards and with high demographic dynamism resulting from excess of births over deaths.

The restrictions placed in many member states of the European Union on the entry of immigrants make an important part of the migration flows heading to Europe illegal, or at least take the

form of formally temporary entries that become permanent in the margins of the law. On the other hand, the triggering of prolonged situations of war between states or civil war in several regions of origin of migration flows to Europe led to the additional emergence of an influx of refugees or asylum seekers for political reasons.

Within the European Union it was, of course, the most developed regions, above all Germany, that these migratory flows tended to address. However, in the most intense periods, it was mainly through the European countries closest to Africa and South-West Asia – Spain in the Strait of Gibraltar; Italy and Malta in the strait between Sicily and Tunisia; and Greece in its islands neighbouring Anatolia – that a large number of migrants tried to access Europe illegally, triggering shipwrecks with high loss of life and difficult management of the reception by the countries demanded as a gateway. It was above all in the mid-second decade of the 21st century that the so-called European migration crisis reached its paroxysm. The formulation of a European policy to deal with this problem revealed once again difficulties in coordination within the Union, with most countries unaffected as a destination or gateway expressing little willingness to support concerted action.

In the meantime, it was possible to reach agreements with some transit countries of these migration flows, notably Turkey, so that, with the support of the European Union, flows are regulated and essentially retained in those countries. This allowed a mitigation of the problem at the end of the decade, without it having, in any case, disappeared.

The terrorist attacks

The second decade of the 21st century was also disturbed by the continuation of the activity of groups that try to wage a terrorist war against European and other highly developed countries with the aim of promoting an ideal universal Islamic state. Although the consequences of the attacks of these groups must be considered as quite small in human and material losses, their surprising and spectacular character tend to magnify their impact on public opinion and social life.

The health crisis

The health crisis of 2020 was triggered by the infection of human beings by a virus (SARS-CoV-2), which proved to be extremely contagious (contagion rates reaching values of 1:3) and significantly lethal (lethality rates reaching values of 15%), although with very different impact in terms of age, with a higher incidence of severe manifestations in older age groups. (It should be noted that all overall statistics on COVID-19 disease resulting from SARS-CoV-2 infection are extremely inaccurate because of their very heterogeneous quality according to countries).

The infections began in late 2019 in the Hubei province in China and spread worldwide in the first half of 2020, proving very important in Europe, especially due to its old-age population structure. The increase in mortality reached levels of around 70% in certain regions for short periods.

Given the problems raised by this pandemic, it can be said that there were two types of reaction, basically resulting from the degree of development of the country and the social situation of the human groups involved.

In highly developed countries, which included the majority of members of the European Union, the dominant concern in the early stages of the pandemic was sanitary, in particular to avoid the saturation of health services, namely the creation of situations of patient selection for life support systems. For this, measures were taken to restrict the movement of people and carrying out of many economic activities, even implementing quarantine measures reaching the majority of the population of some regions and sanitary cords around some places. These measures had, of course, extremely negative consequences for the level of economic activity and the aggregate income of economies. Measures to support employment and individual incomes have tended to be taken and to raise large negative balances of public accounts. The trend, as the most serious moments of the health crisis itself were overcome, was for the resumption of economic activity increasingly in usual terms and for the application of stimulus measures to this resumption.

In the least developed countries and among the most disadvantaged social groups, the dominant concern was, since the early stages of the pandemic, the maintenance of a relatively normal social and economic activity, with a view to ensuring the conservation of income and livelihoods.

In any case, the impact of the 2020 health crisis on economic and social life, especially in the European Union, was extremely negative, particularly due to measures to suspend the free movement of persons.

2021 witnessed an improvement in the sanitary situation, due to the possibility to vaccinate the majority of the population against the new virus, and in the economic situation as it was possible to resume activity in normal terms and to provide some fiscal stimulus to economic activity (which involved borrowing at the Union level to subsidize the fiscal stimulus at member state level, for the first time in the existence of the European Union).

However, it is not yet possible in 2024 to safely assess the extent of the impact of this health crisis because the economic recovery was disturbed by the triggering of an inflationary process, partly due to sectorial mismatch of production and consumption during the recovery itself, partly aggravated and sustained by the armed conflict that started in 2022 between Russia and Ukraine.

B – CHANGES OF THE MEMBER STATES

During the second decade of the 21st century, the European Union received a new member, Croatia, in 2013, and continued talks for enlargement to other countries without major progress. The

second half of the decade was, however, marked by a reverse movement: Britain's abandonment of the Union.

Enlargement to Croatia

The enlargement of the European Union to Croatia was the natural result of the conclusion of the negotiations for that purpose. It was carried out in terms that can be described as similar to those established for the countries that had until the turn to the last decade of the 20th century political regimes of communist party dictatorship and socialist centrally planned economies and which had become members of the Union in the first decade of the century (it may even be said that, in some respects, the situation in Croatia was, from the outset, more favourable than those of Bulgaria and Romania).

Candidate and potential candidate countries

Among the countries that held talks to join the European Union, the situations of Turkey, Iceland and the Western Balkan countries must be distinguished.

Negotiations with Turkey did not made significant progress. This may be explained by the fact that Turkey's accession faces serious formal and informal problems. The formal problems result from Turkey not meeting some of the Copenhagen criteria. Firstly, Turkey has a conflict with a member state of the European Union, Cyprus, because part of Cyprus has been effectively occupied by Turkey since 1974 and formed the Turkish Republic of Northern Cyprus since 1983 under informal protection of Turkey. When Cyprus became a member of the European Union there was an attempt to resolve this conflict by establishing a federation between the Turkish Republic of Northern Cyprus and a state of the Greek community of Cyprus. This solution was submitted to a referendum, accepted by the population of the Turkish Republic of Northern Cyprus, but rejected by the population of the part of Cyprus territory under the control of the internationally recognized government, and the impasse continued. Secondly, doubts may arise about the democratic character of Turkey's political regime, due to the weight of the political and social forces that defend a fundamentalist Islamic regime and due to the lack of respect for the rights of minority groups, including the Kurds and Armenians, among whom some political and social forces demand independence from Turkey. Finally, Turkey's degree of development is relatively low when compared even to the degree of development of the least developed members of the Union, which may raise doubts about its ability to sustain competition in the context of the single market, despite the existence of a customs union for industrial products with the European Union since 1996. The informal problems result mainly from the size of the country, which would be the country with the largest population in the European Union if it were to integrate into it, significantly disrupting pre-existing balances of power. Finally, and certainly not least, Turkey would be

the first country of predominantly Islamic culture in the European Union, which raises many questions from various political and social forces within the Union. For all these reasons, it is not likely that Turkey's accession to the European Union can take place in the short term.

Iceland applied for accession in 2009. As a small and highly developed country and a member of the European Economic Area, the membership process only raised two significant problems: the insertion in the common fisheries policy, a problem common to all countries and regions of the North Atlantic; and the very difficult situation in the context of the so-called Great Recession. It is reasonable to speculate that it was this situation that led the country to submit an application to strengthen ties with the Union; and it is also reasonable to speculate that it was the easing of the economic problems that led the country to withdraw, although informally, the application for accession, suspending all negotiations from 2015 on.

The countries of the Western Balkans, whose association treaties were mentioned in the previous chapter, submitted applications for accession, Croatia in 2003, Macedonia in 2004, Montenegro and Bosnia and Herzegovina in 2008 and Albania and Serbia in 2009. The same would certainly have happened with Kosovo if its uncertain political status had not prevented the signing of an association treaty and the submission of a formal application. As mentioned above, Croatia successfully concluded the negotiations and became a member in 2013. The main problem with the negotiations for the accession of the other countries of the Western Balkans is their degree of development, which makes competition difficult in the context of the single market. Any integration can only take place with very long transitional periods. Moreover, local conflicts, mainly resulting from the presence of significant minorities in some of these countries, complicate the matters in several cases. The most complex case is Kosovo, where Albanian and Serbian communities envisage different formal statutes for the country: an independent state for Albanians; an autonomous republic of Serbia for Serbians. Each of these statutes is recognised by different countries, even within the European Union, and an agreement seems almost impossible, with negative feedback on Serbian and Albanian relations with the European Union. Bosnia and Herzegovina faces similar problems involving its Croatian, Serbian and Muslim communities, although a precarious agreement for a federation has been able to be accepted by all communities and European Union members. Once more, there are negative feedback on Serbian relations with the European Union. Macedonia faced problems resulting from Greek opposition to its name, which were solved in 2019 by renaming it Northern Macedonia (Southern Macedonia being the name of a region of Greece), and from Bulgarian claims on behalf of its Bulgarian minority. Only Montenegro does not experience thorny political problems.

Abandonment by the United Kingdom

Great Britain carried out between 2012 and 2015 a renegotiation of its status within the European Union, on the basis of the principles of non-participation in any future deepening of the

Union, the limitation of the acquisition of rights by citizens of other European Union countries in Great Britain, the non-discrimination of countries not participating in monetary union and the reduction of bureaucratic interference of the Union in Great Britain. The treaty resulting from these negotiations was submitted to a referendum in 2016, with an unfavourable result of its acceptance. Following this result, Great Britain requested in 2017 the application of Article 50 of the Lisbon Treaty, which regulates the abandonment of the Union by a member state. Under that article, Britain should have left the Union in 2019.

Britain's negotiation of the terms of leaving the European Union was difficult because of uncertainty about the desired status, which could be at any point in a range that went from third country status to the existence of a customs union, including the possibilities of a free trade area and a trade agreement that could take different outlines. The question of the status of Northern Ireland proved particularly thorny, because of the need for commending with the 1998 agreement that ended the civil war in that territory, known as the Good Friday Agreement, which in principle prevented the re-establishment of a customs border between Northern Ireland and Ireland.

Furthermore, the adoption of the treaty governing Britain's abandonment of the European Union proved difficult for reasons of British domestic policy, which led to the postponement for a few months of the formal conclusion of the process, which took place on 31 January 2020.

However, it was more a formal conclusion than an effective conclusion. In practice, it was agreed that the previously existing situation would be prolonged until the end of 2020, except for Britain's participation in the bodies and decisions of the European Union, and negotiations for the definition of a definitive regime for relations between the European Union and Great Britain were prolonged. The definitive agreement on the new relation between the European Union and Great Britain was reached on the basis of a free trade area with many exceptions. As regards Northern Ireland, a safeguard clause, which ensures that no customs border between Northern Ireland and Ireland will be restored, and a customs border between Northern Ireland and the rest of Great Britain will be created, was formally removed but agreed in practice. Anyway, implementing the agreement raised quite difficult practical problems, still to be solved in 2024.

C – EVOLUTION OF THE MONETARY UNION

The evolution of the European monetary union during the second and early third decades of the 21st century was, to some extent, contradictory: on the one hand, several member states of the European Union met the criteria for entering the monetary union and became part of the euro area; on the other hand, several member states of the European Union have remained absent or even abandoned the exchange rate mechanism of the European monetary system, weakening it.

New members of monetary union

The new members of the monetary union were Estonia in 2011, Latvia in 2014, Lithuania in 2015 and Croatia in 2023. In addition, Andorra established an agreement in order to be able to issue euro-denominated currency, similar to the ones already existing with Monaco, San Marino and the Vatican.

From monetary union to banking union

Following the financial problems linked to the Great Recession and the sovereign debt crisis, there was an attempt to standardize and strengthen the mechanisms for guaranteeing and supervising banking systems, which was generally called the banking union. The process involved, inter alia, the centralization of the supervision of the main European banks, identified by their size or scope of action involving several member states, in the European Central Bank; the establishment of common rules on the conditions for cessation of activity or the carrying out of recovery processes for banking organizations in difficulties; and the establishment of a European deposit guarantee mechanism. These processes are still (2024) in implementation.

Weakening of the European Monetary System

At the same time, however, the European monetary system has been weakened by the fact that only two countries participate in its exchange rate mechanism, one, Denmark, in formal terms, the other, Sweden, in informal terms. None of them is looking forward at integration in the monetary union, Denmark asserting the safeguard clause included in the Maastricht Treaty, Sweden with clear disregard for the commitments made at the time of entry into the European Union, but with the tacit acceptance by the other members of the Union.

Bulgaria, Czechia, Hungary, Poland and Romania remained outside the exchange rate mechanism of the European monetary system, or abandoned it, clearly giving up any effort to integrate into the monetary union. The same was the case with Great Britain, making the safeguard clause included in the Maastricht Treaty valid and in line with what turned out to be its process of leaving the European Union.

All this makes any further enlargement of the euro area unlikely on a short horizon.

D – OTHER ELEMENTS OF THE EUROPEAN UNION

The common agricultural policy

The common agricultural policy was the target in 2014 of a new reform, which sought to increase concern about environmental elements, while decentralizing its implementation to the national level.

The Schengen Area

The so-called Schengen area did not undergo significant changes over the decade now under consideration. Following the 2020 health crisis, transitional border controls were restored in most European countries.

E – EUROPEAN UNION EXTERNAL RELATIONS

The EFTA and the European Economic Area

The relations of the European Union with the European Free Trade Association and the European Economic Area did not change significantly over the period now under consideration.

Evolution of the World Trade Organization (WTO)

If the first round of negotiations for the liberalization of world trade in the context of the World Trade Organization, the so-called Doha Round, was a failure, as pointed out in the previous chapter, the situation worsened over the second decade of the 21st century, with the gradual halting of the functioning of the World Trade Organization arbitration mechanisms due to the non-appointment of judges by some members, in particular the United States of America, and the manipulation of barriers to trade as an instrument of international negotiations, notably once again by the United States of America.

Following these facts, the future of the World Trade Organization's role as a framework and arbiter of international trade seems uncertain at the third decade of the 21st century.

Cooperation with the countries of Africa, the Caribbean and the Pacific and the Mediterranean Partnership

During the period now under consideration, the relations of the European Union with the associated countries of Africa, the Caribbean and the Pacific and with the Mediterranean Partnership countries continued to take place in the context of the agreements mentioned in the previous chapter. In the case of the Mediterranean Partnership, in 2013 Croatia ceased to be a Mediterranean partner and became a member state as already pointed out.

The practical functioning of the Mediterranean Partnership was, however, disturbed not only by the protracted conflict between Israel, the Palestinian Authority and neighbour Arab countries, but also by the civil wars that plagued Syria and Libya during most of the decade (and remain unsolved in 2024).

Regional economic and trade organizations

Concerning the developments in other regional areas and their organizations, it is important to highlight what happened in North America.

In fact, the North American Free Trade Association (NAFTA) was in practice dissolved and replaced by bilateral free trade agreements between its members at the initiative of the United States of America in 2018.

This transformation led to changes in the European Union's relations with this area. A free trade agreement was established with Canada and talks were held on agreements with the United States of America, but without any results until 2024.

F – OTHER EUROPEAN ORGANISATIONS

Evolution of the political map of Europe

The second decade of the 21st century did not witness changes in the political map of the most agitated regions of Europe from this point of view in previous decades, the Balkans and the Caucasus, but also did not witness the formal resolution of any of the previously existing conflicts, with the exception of Macedonia. In fact, since the break-up of Yugoslavia, Macedonia had a dispute over the country's official name: the country itself wanted it to be simply Macedonia, Greece demanded it to be Skopje, provisionally it remained The Former Yugoslav Republic of Macedonia and eventually became Northern Macedonia, under the terms of an agreement reached in 2019.

Meanwhile, new conflicts arose in the border between Ukraine and Russia. In 2014, Crimea and some border regions of Ukraine, notably Donetsk and Luhansk, have indeed withdrawn themselves from the authority of Ukrainian central power with informal support from Russia. Crimea was formally annexed by Russia, the other regions remained with a formally undefined status. After a period of fighting in the mid-decade on the border between Ukraine and Russia, a cease-fire was negotiated and the situation stabilized as another unresolved conflict.

The Council of Europe and the Organization for Security and Cooperation in Europe

It can be said that organizations such as the Council of Europe and the Organization for Security and Cooperation in Europe reflected this evolution of Europe's political situation by continuing their activity, but losing genuine dynamism and influence in promoting solutions to problems.

The Commonwealth of Independent States Free Trade Area and the Eurasian Economic Union

Although attempts to revive the Soviet confederation in political terms never came to fruition, as noticed above, some progress has been made in the field of economic cooperation.

In 2011 the establishment of a free trade area was agreed among Armenia, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Ukraine and Uzbekistan. This Commonwealth of Independent States Free Trade Area was implemented from 2012. Ukraine left the agreement from 2016, in the wake of the occupation of Crimea and the support to Donetsk and Luhansk secession by Russia.

In 2014 the establishment of a customs union was agreed among Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia. This Eurasian Economic Union was implemented from 2015. Cuba, Moldova and Uzbekistan were later associated as observers, while Mongolia, Tajikistan and Syria applied for membership or association.

2022 war outbreak and its immediate consequences

In a sense, it can be said that Europe seemed to have reached a situation of relative political stability, with some outbreaks of tension, which did not seem likely to cause significant short-term upheavals, nor to prevent minimum cooperation between states, but did not allow for consolidating and truly deepening such cooperation.

The fragility of such situation was revealed in 2022. Ukraine's plans to join NATO and the European Union triggered a violent reaction by Russia, which invaded Ukraine to ensure its inclusion

in a Russian sphere of influence and formally annexed the Ukrainian territories of Donetsk, Luhansk, Kherson and Zaporizhzhia. As expected, the European Union (and the United States in the framework of NATO) supported Ukraine and implemented economic and financial sanctions against Russia, but avoided military intervention. Ukraine, Moldova and Georgia immediately applied for membership of the European Union.

Of course, these developments further hindered the functioning of the Commonwealth of Independent States Free Trade Area and the Eurasian Economic Union regarding Ukraine and Moldova.

At the time of writing, the process seems to lead to a renewed split of Europe into two hostile spaces, one linked to the United States of America and the European Union, the other led by Russia and including Belarus and the autonomous republics informally protected or formally annexed by Russia in Georgia, Moldova and Ukraine, which may extend to all the former Soviet republics participating in the Commonwealth of Independent States Free Trade Area, or, at least, in the Eurasian Economic Union.

Political cooperation in the camp linked to the European Union was formally reinforced by the creation of a European Political Community involving, besides the European Union and its members, the candidate countries (Albania, Bosnia and Herzegovina, Moldova, Montenegro, Northern Macedonia, Serbia, Turkey and Ukraine), the EFTA countries, Armenia, Azerbaijan, Georgia, Great Britain and even Kosovo.

CHAPTER 8 – PROSPECTS FOR THE EVOLUTION OF THE EUROPEAN UNION

It remains, somewhat by way of conclusion, to review the components and problems of the process of European integration, trying to envisage its potential evolution throughout the 21st century.

A – ECONOMIC AND MONETARY UNION

The process of European integration has been presented since its inception as a process of economic union. It can be said that there has been great progress in this field, which has given the European Union many of the traditional characteristics of a national economy.

The economic union

The main traditional characteristics of a national economy acquired by the European Union correspond to the five fundamental components of the process of economic union in the strict sense:

a) Free movement of goods – The free movement of goods is ensured through a customs union between the member states of the European Union. This customs union has already been extended to a candidate country, Turkey, since 1996 and to four countries stuck in the territory of Union member states, formally in the case of Andorra since 1990 and San Marino since 1991, informally in the cases of Monaco, which had a customs union with France when it became a member of the European Communities, and the Vatican, which had a customs union with Italy when it became a member of the European Communities. It is also linked to several free trade areas, in particular those corresponding to the European Economic Area, to the agreements with Switzerland, which constitute a kind of substitute for that area due to Switzerland's decision not to formally enter it, to the agreement reached with Great Britain after it left the European Union, to the association of several countries (Albania, Bosnia and Herzegovina, Northern Macedonia, Montenegro, Serbia and, under special conditions, Kosovo), autonomous regions of member states (Faroe and Greenland), overseas territories of member states, African, Caribbean and Pacific countries and countries involved in Euro-Mediterranean cooperation. All of this is now part of the world trade regime under the Marrakesh Treaty and the World Trade Organization it has set up.

b) Free movement of persons – Free movement of persons involves the ability of EU citizens to reside anywhere in the Union and of persons residing in a Union country, even if they are not EU citizens to travel throughout its territory, although without the right to establish residence outside their

country of origin in the Union (but does not involve the right of persons staying in a Union country without residing there to move to other Union countries). It is today strengthened by the accession of all members of the European Union to the Schengen Convention for the abolition of systematic border controls between the countries subscribing to the Convention, although one of them, Ireland, has only joined the Convention and does not intend to abolish systematic procedures for border control in circulation with the other subscribers and three other Union members, Bulgaria, Cyprus and Romania, have not yet been able to abolish systematic border control procedures in circulation with the other subscribers. Notice that the agreement with Great Britain on the relations after leaving the European Union involves the commitment of free circulation between Ireland and Northern Ireland.

c) Free movement of capital – Free movement of capital implies the full convertibility of the currencies of the various countries of the European Union and ideally involves the insertion of all of them into the exchange rate mechanism of the European monetary system, a goal that is still far from being achieved.

d) Free establishment of economic units – The free establishment of economic units implies the right to non-discrimination of economic agents, whether individuals or firms, according to their origin within the European Union. It may be restricted as a result of technical or linguistic requirements that are especially relevant for individual economic agents. The homogenization of such requirements within the European Union is, of course, an important complement to ensure effective non-discrimination, which has, as might be expected, been quite difficult to agree and implement in practice.

e) Freedom to provide services – Freedom to provide services also implies the right to non-discrimination of economic agents, whether individuals or firms, on the basis of their origin within the European Union and involves the same restriction problems and their homogenization concerning the free establishment of economic units.

Anyway, the prospects for further transformation of the European economy into a typical national economy throughout the 21st century may be considered significant, given the obvious advantages of the process for member countries in terms of exploiting the increases in income and well being it promotes.

The monetary union

As was examined above, monetary union is another element of a traditional national economy that has been on the agenda of the European Communities, then the European Community, then the European Union, since the late 1960s and which was only partially established in the late twentieth century. It was extended during the early decades of the 21st century, but still leaves out a very significant part of the European Union. It is linked, as was explained in due course, with the European

Monetary System and its exchange rate mechanism, but also with partial extension and very imperfectly.

In any case, monetary union is another field in which further progress can be expected throughout the 21st century, given the obvious advantages of the process for member countries in terms of reducing transaction costs with the rest of the European Union and in terms of protection from financial outbreaks from outside the Union.

The common policies

The constitution of an economic union and a monetary union necessarily implies the existence of some common economic policies (such as trade policy towards third countries in the case of members of the customs union, or monetary policy in the case of members of the monetary union) and the desirability of others (such as agricultural and fisheries policies in the case of members of the customs union, and fiscal policy in the case of members of the monetary union). As has been widely illustrated throughout the previous chapters, this has always been recognized, has always been one of the fundamental concerns of the bodies of the European Communities, then the European Community, then the European Union, and the governments of the member states, and has always faced important obstacles, either because of the natural difficulty in formulating suitable policies for economies with different structural and short-term situations, or because of the inevitable action of national and sector pressure groups.

This is another field where much progress can be expected throughout the 21st century, both in terms of improving decision-making mechanisms at Union level and in terms of stricter application of the principle of subsidiarity, possibly involving the withdrawal of the Union from certain policy areas it has taken over the previous decades.

Community law

It can be said that the existence and prospects for the development of Community law are, in this respect, analogous to those of common policies. Community law is a necessity in some areas, a convenience in others and has possibly been uselessly taken too far in others. The reasonable expectation is that the situation here also evolves positively with the accumulation of experience throughout the 21st century.

The question of tax harmonization

One of the most sensitive issues related to the evolution towards a European national economy is that of tax harmonization. The tax systems of the member countries of the European Union now

have a more or less uniform pattern, including a general income tax (with sections on personal income and corporate income), a value added tax and taxes on transactions or the value of capital goods. However, the definition of the tax base presents differences and the rates are quite different from country to country. These differences lead to tax arbitrage behaviour, which should be eliminated. Fiscal harmonization, however, clashes with national habits and the objectives of obtaining revenue and fiscal competitiveness. Therefore, progress in this field has been small, and further progress is far from easily foreseeable.

B – POLITICAL UNION

European political union is an ideal pursued since the dawn of the process of European integration in the second post-war of the 20th century, and in which progress is far from being similar to that achieved in the path of economic and monetary union. This delay in political union is due to a set of problems that it is important to analyse.

Intergovernmental, supranational, or federal institutions ?

The question of the opposition between national sovereignty, supranational institutions or even European federalism was and remains one of the central issues, if not the most central issue, of the process of European integration. From a formal point of view, strict respect for national sovereignty implies keeping the process of European construction within the bounds of intergovernmental institutions, which requires that all decisions in European organizations be taken unanimously, that the rules established within the organizations respect national law and that the bodies of the European organizations do not have their own powers. Of course, these demands have been lightened early on, especially allowing constructive abstention, that is to say, the non-participation of a country in an initiative intended by others without blocking its implementing by those concerned. The qualitative leap, however, was the transition to supranational institutions, which allowed non-constitutional decisions in European organizations to be taken by majority, the rules established within European organizations to take precedence over national law and the European organizations to have their own powers. Transition to federalism would imply recognizing the existence of a European state, even of a confederation nature, that is, a European state that does not monopolize the relationship with the rest of the world and allows the secession of a member country anytime.

It is worth remembering that the opposition between national sovereignty and supranational institutions was one of the issues that underpinned the division in the 1950s between the European Communities (to which the member states delegated supranational powers) and the European Free Trade Association (which remained strictly within the bounds of intergovernmental rules) and which gave rise in the 1960s to one of the crucial moments of European integration, the so-called empty

chair crisis with the subsequent Luxembourg compromise. It may be added that, despite the successive treaties (Single Act, Maastricht, Amsterdam, Nice), which overcame the limitations placed on majority decisions by the Luxembourg compromise and progressively generalized the rule of majority decision to virtually all non-constitutional matters, the opposition between national sovereignty and supranational institutions continues to condition the institutional architecture of the European Union. The possibility of a qualitative leap towards federalism was one of the forces behind the preparation of the European Union's Constitutional Treaty, but it was also probably a powerful contribution to its rejection. Therefore, the Treaty of Lisbon prudently returned to the supranational formula, already made traditional in the process of building the European Union.

The main problem that these developments arise in terms of future prospects is as follows: in the past, no political experience stabilized in a supranational formula. It can be said that the rule has always been either consolidation in a federal formula, or implosion and a return to strict national sovereignty. Only a detailed examination of the history of Europe (and of the world), which cannot be done here, would be able to prove this point rigorously. However, recent experiences of the reunification of Germany and the disintegration of the Soviet Union, Yugoslavia and Czechoslovakia show that even divisions imposed by the world's largest powers are fragile in the face of deep social trends and even seemingly consolidated federal experiences risk implosion. The question is therefore whether the European Union will eventually evolve in the federal sense outlined and failed with the Constitutional Treaty, implode and return to strict national sovereignty, or stabilize in the intermediate formula of supranational institutions. The first two possibilities would repeat multiple historical experiences; the third would be really ground breaking in historical terms. This is a question that necessarily will continue to dominate the discussions about the future of the European Union for a long time.

Colonialism, neo-colonialism, or partnership ?

The issue of European sovereignty over non-European areas of the world was very relevant at the beginning of the process of European integration. There were then clearly three alternatives: maintaining colonial rule over a considerable part of humanity; the granting of formal independence to colonized territories while maintaining a dominant influence over their economic and even political life; or the loss of dominant political and even economic influence in those territories for the world great powers.

It is worth remembering that this issue was also one of the reasons for the division in the 1950s between the European Communities (whose members with colonial or mandated territories, Belgium, France, Italy and the Netherlands, accepted a kind of economic sharing of these territories) and the European Free Trade Association (whose members with colonial territories, Great Britain and Portugal, maintained the spaces of the British Commonwealth and the Portuguese Overseas

unrelated to the European space in which they were participants). In practice, however, it disappeared with the wave of decolonization of the late 1950s and early 1960s (although decolonization was postponed in the case of Portugal until the mid-1970s). From then on, the existence of political ties with non-European territories is no longer a central issue in the life of any European state, and only the privileged relationship with what has become the African, Caribbean and Pacific group of associated countries has retained some importance, but for the European Communities, after European Community, then European Union as a whole. From the political point of view, until the late 1980s, the influences of the former colonial powers, the United States of America and the Soviet Union and a still incipient influence of China conflicted with no clear hegemony of any of these powers. From the economic point of view, it was possible for Europe to maintain some predominance in the external relations of these countries, partly as a result of previous historical trends, partly as a result of the practical application of successive Yaoundé, Arusha and Lomé conventions. By the end of the 20th century and early 21st century, American influence was accentuated, in part thanks to the weakening of Russia's action in relation to previous Soviet Union action, in part thanks to the mechanisms provided by new elements of international economic institutions, such as the World Trade Organization. During the 21st century, China's dynamism is expected to pose even more challenges, both to European influence and to American hegemony, in the space of the associated African, Caribbean and Pacific countries.

Admittedly, some states in the European Union still have non-European possessions, some within the Union (the French Overseas Departments – Guadeloupe, Martinique, Guyana and Reunion – and some French overseas collectivities – Saint Barthelemy, Saint Martin and Saint Pierre and Miquelon), others not covered by the Union (the other overseas collectivities of France – Mayotte, New Caledonia, Polynesia, Southern and Antarctic Lands and Wallis-and-Futuna; the territories under the sovereignty or administration of Great Britain – Anguilla, Bermuda, Cayman Islands, Falkland Islands, South Georgia and South Sandwich Islands, Montserrat, British Indian Ocean Territory, Pitcairn Island, Saint Helena, Turks and Caicos Islands, British Virgin Islands; and the territories under sovereignty or administration of the Netherlands – Aruba, Bonaire, Curacao, Saba, Saint Eustatius and Saint Martin). These possessions, however, are no longer quantitatively important or constitute relevant topic of political debate within the Union.

Equality of states, or directory of the great powers ?

A third issue that dominated the beginnings of the process of European integration and remains one of the central issues of this process is the issue of hegemony. Of course, a project for democratic and peaceful integration of Europe must necessarily be based on the principle of formal equality between participating states. However, there could never be any doubt that European states may be

formally equal, but they are not really equal and, as a result, have a different degree of influence on the evolution of the process of European integration.

It is worth remembering that the struggle for hegemony of the process of European integration between the big countries of Europe, particularly between Great Britain, France and Germany, was one of the facts that led to the division in the 1950s between the European Communities (instrument of France and Germany, with which Italy was associated) and the European Free Trade Association (instrument of Great Britain). It can be said that Britain's move from the EFTA to the European Communities was largely a recognition of the failure of the initial British strategy in the struggle for hegemony of the European integration process through an alternative trading bloc and the adoption of a new strategy through participation in the hegemonic organization of the process and the struggle for its internal hegemony. The issue was further complicated by the entry into the European Union of two other countries of considerable size in the European context, Spain and Poland, and the very sharp increase in the number of medium and small size member countries. The fact that Great Britain left the European Union in the second half of the second decade of the 21st century, in a strategic move either to weaken the Union or to privilege its non-European links, did not simplify much the matter.

In this way, the issue of hegemony remains a formally absent but really very present issue in the process of European integration and it seems that it will remain so for a long time. In practical terms, it presents itself primarily as a decision-making problem. Decision-making, even by qualified majority, is often a difficult process with the participation of all member states. Given this, decision-making by a directory of major powers appears as a possibly more pragmatic alternative. On the other hand, however, the imposition of decisions that would necessarily result from this appears not only as a sprain to the democratic principles of the process of European integration, but also as a potential source of conflict between large and small states. Moreover, there is no guarantee that the establishment of decision-making alliance schemes among a smaller number of major powers is necessarily more expeditious than the same process among a larger number of member states. Consideration of the results of game theory seems to be too absent from the concrete conception of decision-making rules at all political levels.

Single model, or variable geometry / multi-speed Europe ?

A fourth issue that dominated the beginnings of the European integration process and remains one of the central issues of this process is the uniformity of the integration model. Of course, the very notion of integration itself implies some uniformity among the national societies involved in the process. However, it is possible to design a process that has only one model for all the societies involved, or a process that allows different degrees of involvement, up to the limit of a process that presents what is sometimes described as a menu (*Europe à la carte*), that is to say, several independent components, in which each nation chooses to participate or not.

Once again, it is worth recalling that presenting a relatively demanding single model of integration was one of the reasons for the relatively small initial extension of the European Communities. In this perspective, the parallel constitution of the EFTA and the absence of almost all medium-developed members of the OEEC from both the European Communities and the EFTA appeared as a way of responding to the need for different models in the process of European integration. As might be expected, as the European Communities, then the European Community, then the European Union, tended to dominate the process of European integration, it was necessary to ease the heavy demands of the single model and open the possibility, or even imposing the existence of what gradually gained the denomination of variable geometry model or Europe at various speeds. Admittedly, this has always been made with apparent reluctance and great restrictions. However, the notion of enhanced cooperation and the practical example of a monetary union requiring preconditions (the nominal convergence criteria) for access, testify to the triumph of the need for plurality of models over the ideal of the single model.

Again, it is unreasonable to expect this question of the plurality of European building models to disappear soon. The practical problems it poses are the problems of cohesion and exclusion. In other words, it is inevitable that European integration will continue for a long time in the context of a plurality of situations of the national societies involved. In order to consolidate the process of European integration, however, an effort must be made to encourage closer ties between these national societies so that the need for different situations gradually disappears. It is also important that the existence of such different situations does not imply the permanent exclusion of any nation involved from any of the process components. Finding the balance between the temporarily necessary difference and the uniformity that should not be arbitrarily imposed will undoubtedly be one of the most difficult elements of the process of European integration in the future, as it has been in the past.

A European Union the size of Europe ?

All this leads to another of the central issues of the process of European integration: the question of the ideal extent of the national societies involved in the process.

The initial extension of the OEEC was the combined result of an American option to establish a European-wide sphere of influence and a Soviet reaction to this in a considerable part of central and eastern Europe. Then the initial extension of the European Communities and the EFTA was the result of the choices made by the OEEC member countries on the desired economic integration model. Initially, both blocs declared themselves open to the accession of other European states. At first, both actually attracted a few more members. However, since the transition of Great Britain from the EFTA to the European Communities, the accession of new members was almost exclusive of the European Communities, then the European Community, then the European Union.

At the beginning of the 21st century, it may be said Europe is divided into member states of the European Union, candidate countries, associated countries and territories (in particular through the European Economic Area) and other countries. The question that arises is whether this differentiation can gradually be replaced by a European Union covering the whole of Europe. The conditions for accession, which have always been put into practice and formalized at the 1993 Copenhagen Summit, are known: a democratic political regime, a degree of economic development that guarantees the ability to withstand competition within the Community and the intention to accept the *acquis communautaire*. One can imagine the fulfilment of these conditions by all European countries and one can imagine the European Union's willingness to accept new members, in particular some that will clearly destabilize its internal balance, such as Turkey or Russia, but certainly this can only happen in the very long run.

C – EUROPE AND THE WORLD

The process of European integration necessarily appears as a project of strengthening Europe vis-à-vis the rest of the world. This is implicit in the long-term framework presented before and has been explicitly recognized, even by the fundamental treaties of the process of European integration.

Strengthening Europe has, of course, two main goals: first, allow Europe to control its own evolution; second, to enhance the influence of Europe on issues that may be considered as important at the world level. European integration is important for these goals because European countries are unable to achieve them separately and may be able to achieve them collectively. Of course, this is conditional on the existence of common European interests concerning the main objectives for the future of European peoples and the world in general.

It can be said that in general and in a way that cannot be considered surprising, Europe's capacity to control its own evolution and influence the evolution of the world has matched its internal dynamism. In other words, it has been able to be efficient and meaningful in economic matters and it has been ineffective and inefficient in political matters, according to its cohesiveness. Indeed, the European Union has become a relevant partner in the construction of the international economic order, having played a particularly dynamic role in addressing environmental issues worldwide, sometimes in conflict with other major powers such as the United States America, or emerging powers, such as China. On the contrary, the definition of a common foreign and security policy remained incipient, even after its institutionalization, due to the simultaneous and sometimes contradictory affirmation of national positions. Even on issues geographically European, and therefore decisive for the European Union in its neighbourhood, such as the conflicts in the Western Balkans, it was generally not possible to obtain common positions, thus losing any possibility of a significant impact of specifically European intervention.

Under these circumstances, it is clear that Europe's influence in the rest of the world, and even Europe's capacity to control its own evolution (or, conversely, the determination of the future of Europe by the rest of the world regardless of European will) will depend crucially throughout the 21st century on the degree in which Europe will be able, to use the motto of the European Union once again, to be 'united in diversity'. Whether that happens or not is, of course, part of the uncertainty that necessarily hovers over everything that lies in a future time. Uncertainty that it is expected that consideration of the past history of the European Union in every sense of the expression made throughout this course may shed some light, at least by spelling out the range of possibilities actually open to the peoples of Europe.

APPENDIX 1 – COUNTRIES AND TERRITORIES OF EUROPE

Sources: Official webpages, Eurostat, United Nations and International Monetary Fund adapted.

Albania [Shqipëria]

Area: 29 thousand square kilometres.

Population in 2023: 2.8 million inhabitants.

Gross domestic product in 2023: 21 billion euros.

Official language: Albanian.

Independent since 1912 (former part of the Ottoman Empire). Occupied by Italy between 1939 and 1944.

Applied for membership of the European Union.

Currency: Albanian lek ALL.

Andorra [Andorra]

Area: 0.5 thousand square kilometres.

Population in 2023: 0.08 million inhabitants.

Gross domestic product in 2023: 3 billion euros.

Official language: Catalan.

Independent since the 9th century (former part of the Carolingian Empire).

Informal member of the Schengen Area (borders with France and Spain traditionally open).

Currency: euro EUR (since 2002; former French franc FRF and Spanish peseta ESP).

Armenia [Hayastan]

Area: 30 thousand square kilometres.

Population in 2023: 2.8 million inhabitants.

Gross domestic product in 2023: 22 billion euros.

Official language: Armenian.

Independent since 1991 (former republic of Soviet Union).

Claims the autonomous republic of Nagorno-Karabakh from Azerbaijan.

Currency: Armenian dram AMD.

Austria [Österreich]

Area: 84 thousand square kilometres.

Population in 2023: 9.0 million inhabitants.

Gross domestic product in 2023: 477 billion euros.

Official language: German.

Independent since 1918 (former part of the Austro-Hungarian Empire). Part of Germany between 1938 and 1945. Occupied by the winning powers (United States of America, France, Great Britain and Soviet Union) in the wake of the Second World War. Recovered full independence in 1955.

Federal state. Federated states of Austria: Burgenland, Carinthia [Kärnten], Lower Austria [Niederösterreich], Salzburg, Styria [Steiermark], Tyrol, Upper Austria [Oberösterreich], Vienna [Wien], Vorarlberg.

Member of the European Union (since 1995).

Member of the Schengen Area (signed 1995, implemented 1997).

Currency: euro EUR (founding member of the European monetary union in 1999; former Austrian schilling ATS).

Azerbaijan [Azerbaycan]

Area: 87 thousand square kilometres.

Population in 2023: 10.4 million inhabitants.

Gross domestic product in 2023: 65 billion euros.

Official language: Azeri.

Independent since 1991 (former republic of Soviet Union).

Includes the autonomous republics of Nagorno-Karabakh and Nakchivan. Nagorno-Karabakh is claimed by Armenia.

Currency: Azeri manat AZN.

Belarus [Belarus — Bielarus]

Area: 208 thousand square kilometres.

Population in 2023: 9.5 million inhabitants.

Gross domestic product in 2023: 68 billion euros.

Official languages: Belarusian and Russian.

Independent since 1991 (former republic of Soviet Union).

Currency: Belarusian rouble BYR.

Belgium [België — Belgique — Belgien]

Area: 31 thousand square kilometres.

Population in 2023: 11.7 million inhabitants.

Gross domestic product in 2023: 585 billion euros.

Official languages: Dutch, French and German.

Independent since 1830 (former part of Netherlands).

Federal state. Federated states of Belgium: Brussels [Brussel — Bruxelles], Flandres [Vlaanderen], Wallonia [Wallonie].

Member of the European Union (founding member of the European Communities in 1952 and 1958).

Member of the Schengen Area (founding member 1985, implemented 1995).

Currency: euro EUR (founding member of the European monetary union in 1999; former Belgian franc BEF, in the framework of a monetary union with Luxemburg since 1921).

Bosnia and Herzegovina [Bosna i Hercegovina]

Area: 51 thousand square kilometres.

Population in 2023: 3.2 million inhabitants.

Gross domestic product in 2023: 25 billion euros.

Official languages: Bosnian, Croatian and Serbian (Serbo-Croatian).

Independent since 1992 (former republic of Yugoslavia).

Federal state. Federated states of Bosnia and Herzegovina: Federation (Bosnian-Croat) of Bosnia and Herzegovina [Federacija Bosne i Hercegovine]; Serbian Republic (of Bosnia) [Republika Srpska]. Bosnia and Herzegovina also includes the Condominium of Brcko [Brcko Distrikt].

Currency: Bosnian-Herzegovinian mark BAM.

Bulgaria [Balgârija]

Area: 111 thousand square kilometres.

Population in 2023: 6.7 million inhabitants.

Gross domestic product in 2023: 94 billion euros.

Independent since 1878 (former part of the Ottoman Empire).

Official language: Bulgarian.

Member of the European Union (since 2007).

Member of the Schengen Area (signed 2007, implemented 2024).

Currency: Bulgarian lev BGN (pegged to the euro in the framework of the exchange rate mechanism of the European Monetary System).

Croatia [Hrvatska]

Area: 57 thousand square kilometres.

Population in 2023: 4.0 million inhabitants.

Gross domestic product in 2023: 76 billion euros.

Official language: Croatian (Serbo-Croatian).

Independent since 1991 (former republic of Yugoslavia).

Member of the European Union (since 2013).

Member of the Schengen Area (signed 2011, implemented 2023).

Currency: euro (since 2023; until then Croatian kuna HRK).

Cyprus [Kypros — Kibris]

Area: 9 thousand square kilometres.

Population in 2023: 1.3 million inhabitants.

Gross domestic product in 2023: 30 billion euros.

Official languages: Greek and Turkish.

Independent since 1960 (former colony of Great Britain).

Northern part of the territory independent *de facto* as Turkish Republic of Northern Cyprus under Turkey informal protectorate. British overseas territory of Akrotiri and Dhekelia under British administration.

Member of the European Union (since 2004).

Member of the Schengen Area (signed May 2004, not yet implemented).

Currency: euro EUR (since 2008; former Cypriot pound CYP). In the Turkish Republic of Northern Cyprus, simultaneous circulation of euro and Turkish lira.

Czechia [Česko]

Area: 79 thousand square kilometres.

Population in 2023: 10.5 million inhabitants.

Gross domestic product in 2023: 306 billion euros.

Official language: Czech.

Independent since 1993 (former part of Czechoslovakia).

Member of the European Union (since 2004).

Member of the Schengen Area (signed 2003, implemented 2007).

Currency: Czech koruna CZK (not in the exchange rate mechanism of the European Monetary System).

Denmark [Danmark]

Area: 43 thousand square kilometres.

Population in 2023: 5.9 million inhabitants.

Gross domestic product in 2023: 374 billion euros.

Official language: Danish.

Independent since 9th century (former tribal regime).

Autonomous regions: Faroe and Greenland (see special entries).

Member of the European Union (member of the European Communities since 1973). The autonomous regions do not belong to the European Union.

Member of the Schengen Area (signed 1996, implemented 2001). The autonomous regions do not belong to the Schengen Area.

Currency: Danish krone DKK (pegged to the euro in the framework of the exchange rate mechanism of the European Monetary System).

Estonia [Eesti]

Area: 45 thousand square kilometres.

Population in 2023: 1.3 million inhabitants.

Gross domestic product in 2023: 38 billion euros.

Official language: Estonian.

Independent since 1991 (former republic of Soviet Union).

Member of the European Union (since 2004).

Member of the Schengen Area (signed 2003, implemented 2007).

Currency: euro EUR (since 2011; former Estonian kroon EEK).

Faroe [Føroyar — Færøeme]

Area: 1 thousand square kilometres.

Population in 2023: 0.05 million inhabitants.

Gross domestic product in 2023: 3 billion euros.

Official languages: Faroese and Danish.

Autonomous region of Denmark.

Associated to the European Union.

Currency: Danish krona DKK.

Finland [Suomi — Finland]

Area: 338 thousand square kilometres.

Population in 2023: 5.5 million inhabitants.

Gross domestic product in 2023: 278 billion euros.

Official languages: Finnish and Swedish.

Independent since 1917 (former part of the Empire of Russia).

Includes the autonomous region of Åland.

Member of the European Union (since 1995).

Member of the Schengen Area (signed 1996, implemented March 2001).

Currency: euro EUR (founding member of the European monetary union in 1999; former Finnish markka FIM).

France [France]

Area: 641 thousand square kilometres.

Population in 2023: 64,8 million inhabitants.

Gross domestic product in 2023: 2803 billion euros.

Official language: French.

Independent since 887 (former part of the Carolingian Empire).

Overseas departments of France that belong to the European Union: Guadeloupe, Guiana [Guyane], Martinique, Mayotte, Reunion [Réunion]. Overseas collectivities of France that belong to the European Union: Saint Barthélemy, Saint Martin. Overseas collectivities of France that do not belong to the European Union: New Caledonia [Nouvelle Calédonie], Polynesia [Polynésie], Saint-Pierre and Miquelon [Saint Pierre et Miquelon], Wallis and Futuna [Wallis et Futuna]. Overseas territories of

France that do not belong to the European Union: Clipperton, Southern and Antarctic Lands [Terres Australes et Antartiques].

Member of the European Union (founding member of the European Communities in 1952 and 1958).

Member of the Schengen Area (founding member 1985, implemented 1995).

Currency: euro EUR (founding member of the European monetary union in 1999; former French franc FRF).

Georgia [Sakartvelo]

Area: 70 thousand square kilometres.

Population in 2023: 3.7 million inhabitants.

Gross domestic product in 2023: 26 billion euros.

Official language: Georgian.

Independent since 1991 (former republic of Soviet Union).

Includes the autonomous republic of Adjara. The autonomous republics of Abkhazia and South Ossetia are independent *de facto* under informal Russian protectorate.

Currency: Georgian lari GEL.

Germany [Deutschland]

Area: 357 thousand square kilometres.

Population in 2023: 83.3 million inhabitants.

Gross domestic product in 2023: 4121 billion euros.

Official language: German.

Unified since 1871 (former several independent states). Occupied by the winning powers (United States of America, France, Great Britain and Soviet Union) in the wake of the Second World War and divided into two states, Federal Republic of Germany and German Democratic Republic, in 1949. Unified again in 1990.

Federal state. Federated states of Germany: Baden-Württemberg, Bavaria [Bayern], Berlin, Brandenburg, Bremen, Hamburg, Hesse [Hessen], Mecklemburg-Vorpommern, Lower Saxony [Niedersachsen], North Rhine-Westphalia [Nordrhein-Westfalen], Rhineland-Palatinate [Rheinland-Pfalz], Saarland, Saxony [Sachsen], Saxony-Anhalt [Sachsen-Anhalt], Schleswig-Holstein, Thuringia [Thüringen].

Member of the European Union (founding member of the European Communities in 1952 and 1958).

Member of the Schengen Area (founding member 1985, implemented 1995).

Currency: euro EUR (founding member of the European monetary union in 1999; former German mark DEM).

Gibraltar [Gibraltar]

Area: 0.007 thousand square kilometres.

Population in 2023: 0.03 million inhabitants.

Gross domestic product in 2023: 1 billion euros.

Official language: English.

British overseas territory. Sovereignty claimed by Spain.

Currency: Gibraltar pound GIP.

Great Britain (United Kingdom of Great Britain and Northern Ireland) [Great Britain]

Area: 242 thousand square kilometres.

Population in 2023: 67.7 million inhabitants.

Gross domestic product in 2023: 3100 billion euros.

Official language: English.

Unified since 1707 (former various kingdoms).

Great Britain includes the autonomous regions of Wales, Scotland and Northern Ireland.

Overseas territories of Great Britain: Akrotiri and Dhekelia; Anguilla; Bermuda; British Antarctic Territory; British Indian Ocean Territory; British Virgin Islands; Cayman Islands; Falkland Islands; Gibraltar; Montserrat; Pitcairn Islands; Saint Helena, Ascension and Tristan da Cunha; South Georgia and South Sandwich Islands; Turks and Caicos Islands.

British Crown dependencies: Guernsey, Jersey and Mann (see special entries).

Member of the European Communities, later European Community, later European Union between 1973 and 2020.

Associated to the European Union.

Associated member of the Schengen Area.

Currency: British pound sterling GBP.

Greece [Ellada]

Area: 132 thousand square kilometres.

Population in 2023: 10.3 million inhabitants.

Gross domestic product in 2023: 220 billion euros.

Official language: Greek.

Independent since 1830 (former part of the Ottoman Empire).

Member of the European Union (member of the European Communities since 1981).

Member of the Schengen Area (signed 1992, implemented 2000).

Currency: euro EUR (since 2001; former Greek drachma GRD).

Greenland [Kalaallit Nunaat — Grønland]

Area: 2166 thousand square kilometres.

Population in 2023: 0.06 million inhabitants.

Gross domestic product in 2023: 3 billion euros.

Official languages: Greenlandic and Danish.

Autonomous region of Denmark.

Part of the European Communities between 1973 and 1985.

Associated to the European Union.

Currency: Danish krone DKK.

Guernsey [Guernsey]

Area: 0.01 thousand square kilometres.

Population in 2023: 0.06 million inhabitants.

Gross domestic product in 2023: 3 billion euros.

Official languages: English.

Bailiwick of the British Crown.

Currency: British pound sterling GBP.

Hungary [Magyarország]

Area: 93 thousand square kilometres.

Population in 2023: 9.6 million inhabitants.

Gross domestic product in 2023: 196 billion euros.

Official language: Hungarian.

Independent since 1918 (former part of the Austro-Hungarian Empire).

Member of the European Union (since 2004).

Member of the Schengen Area (signed 2003, implemented 2007).

Currency: Hungarian forint HUF (not in the exchange rate mechanism of the European Monetary System).

Iceland [Island]

Area: 103 thousand square kilometres.

Population in 2023: 0.4 million inhabitants.

Gross domestic product in 2023: 29 billion euros.

Official language: Icelandic.

Independent since 1944 (former autonomous region of Denmark).

Member of the European Free Trade Association (since 1970).

Member of the Schengen Area (signed 1996, implemented 2001).

Currency: Icelandic króna ISK.

Ireland [Éire — Ireland]

Area: 70 thousand square kilometres.

Population in 2023: 5.1 million inhabitants.

Gross domestic product in 2023: 505 billion euros.

Official languages: Gaelic and English.

Independent since 1921 (former part of the United Kingdom of Great Britain and Ireland).

Member of the European Union (member of the European Communities since 1973).

Associated member of the Schengen Area.

Currency: euro EUR (founding member of the European monetary union in 1999; former Irish pound IEP).

Italy [Italia]

Area: 301 thousand square kilometres.

Population in 2023: 58.9 million inhabitants.

Gross domestic product in 2023: 2085 billion euros.

Official language: Italian.

Unified since 1861 (former several independent states).

Member of the European Union (founding member of the European Communities in 1952 and 1958).

Member of the Schengen Area (signed 1990, implemented 1997).

Currency: euro EUR (founding member of the European monetary union in 1999; former Italian lira ITL).

Jersey [Jersey]

Area: 0.1 thousand square kilometres.

Population in 2023: 0.1 million inhabitants.

Gross domestic product in 2023: 4 billion euros.

Official language: English.

Bailiwick of the British Crown.

Currency: British pound sterling GBP.

Kazakhstan [Qazaqstan — Kazakhstan]

Area: 2725 thousand square kilometres.

Population in 2023: 19.6 million inhabitants.

Gross domestic product in 2023: 270 billion euros.

Official languages: Kazakh and Russian.

Independent since 1991 (former republic of Soviet Union).

Currency: Kazakh tenge KZT.

Kosovo [Kosovës — Kosovo]

Area: 11 thousand square kilometres.

Population in 2023: 1.7 million inhabitants.

Gross domestic product in 2023: 10 billion euros.

Official languages: Albanian and Serbian.

Independent since 2008 (former autonomous region of Serbia, which claims Kosovo as the autonomous province of Kosovo and Metohija).

Currency: euro EUR (not formally included in eurozone).

Latvia [Latvija]

Area: 65 thousand square kilometres.

Population in 2023: 1.8 million inhabitants.

Gross domestic product in 2023: 40 billion euros.

Official language: Latvian.

Independent since 1991 (former republic of Soviet Union).

Member of the European Union (since 2004).

Member of the Schengen Area (signed 2003, implemented 2007).

Currency: euro EUR (since 2014; former Latvian lats LVL).

Liechtenstein [Liechtenstein]

Area: 0.2 thousand square kilometres.

Population in 2023: 0.04 million inhabitants.

Gross domestic product in 2023: 7 billion euros.

Official language: German.

Independent since 1806 (former part of the Holy Roman Empire).

Member of the European Free Trade Association (associate since 1960 in the framework of customs union with Switzerland since 1919; full membership since 1995).

Member of the Schengen Area (signed February 2008, implemented 2008).

Currency: Swiss franc CHF, in the framework of monetary union with Switzerland since 1919.

Lithuania [Lietuva]

Area: 65 thousand square kilometres.

Population in 2023: 2.7 million inhabitants.

Gross domestic product in 2023: 72 billion euros.

Official language: Lithuanian.

Independent since 1991 (former republic of Soviet Union).

Member of the European Union (since 2004).

Member of the Schengen Area (signed 2003, implemented 2007).

Currency: euro EUR (since 2015; former Lithuanian litas LTL).

Luxemburg [Lëtzebuerg — Luxemburg — Luxembourg]

Area: 3 thousand square kilometres.

Population in 2023: 0.7 million inhabitants.

Gross domestic product in 2023: 79 billion euros.

Official languages: Luxemburgish, German and French.

Independent since 1867 (former member of the German Confederation).

Member of the European Union (founding member of the European Communities in 1952 and 1958).

Member of the Schengen Area (founding member 1985, implemented March 1995).

Currency: euro EUR (founding member of the European monetary union in 1999; former Luxemburg franc LUF, in the framework of a monetary union with Belgium since 1921).

Malta [Malta — Malta]

Area: 0.3 thousand square kilometres.

Population in 2023: 0.5 million inhabitants.

Gross domestic product in 2023: 19 billion euros.

Official languages: Maltese and English.

Independent since 1964 (former colony of Great Britain).

Member of the European Union (since 2004).

Member of the Schengen Area (signed 2003, implemented 2007).

Currency: euro EUR (since 2008; former Maltese lira MTL).

Mann [Mann — Mannin]

Area: 0.6 thousand square kilometres.

Population in 2023: 0.08 million inhabitants.

Gross domestic product in 2023: 7 billion euros.

Official languages: English and Manx.

Dependency of the British Crown.

Currency: British pound sterling GBP.

Moldova [Moldova]

Area: 34 thousand square kilometres.

Population in 2023: 3.4 million inhabitants.

Gross domestic product in 2023: 15 billion euros.

Official language: Romanian.

Independent since 1991 (former republic of Soviet Union).

Includes the autonomous region of Gagauzia. The autonomous republic of Transnistria is independent *de facto* under informal Russian protectorate.

Currency: Moldavian leu MDL.

Monaco [Monaco]

Area: 0.002 thousand square kilometres.

Population in 2023: 0.04 million inhabitants.

Gross domestic product in 2023: 8 billion euros.

Official language: French.

Independent since 1297 (former part of the Holy Roman Empire).

Informal member of the Schengen Area (borders with France traditionally open).

Currency: euro EUR (since 2002; former French franc FRF).

Montenegro [Crna Gora]

Area: 14 thousand square kilometres.

Population in 2023: 0.6 million inhabitants.

Gross domestic product in 2023: 7 billion euros.

Official language: Montenegrin (Serbo-Croatian).

Independent since 2006 (former republic of Serbia and Montenegro).

Applied for membership of the European Union.

Currency: euro EUR (informally).

Netherlands [Nederland]

Area: 42 thousand square kilometres.

Population in 2023: 17.6 million inhabitants.

Gross domestic product in 2023: 1034 billion euros.

Official language: Dutch.

Independent since 1576 (former part of the Western Habsburg Empire).

Overseas municipalities of the Netherlands: Bonaire; Saba; Saint Eustatius [Sint Eustatius].

Overseas territories of the Netherlands: Aruba; Curaçao; Saint Martin [Sint Maarten].

Member of the European Union (founding member of the European Communities in 1952 and 1958).

Member of the Schengen Area (founding member 1985, implemented 1995). Overseas municipalities and territories not included in the Schengen Area.

Currency: euro EUR (founding member of the European monetary union in 1999; former Dutch guilder NLG).

North Macedonia [Ceverna Makedonija]

Area: 26 thousand square kilometres.

Population in 2023: 2.1 million inhabitants.

Gross domestic product in 2023: 14 billion euros.

Official language: Macedonian.

Independent since 1991 (former republic of Yugoslavia).

Applied for membership of the European Union.

Currency: Macedonian denar MKD.

Norway [Norge]

Area: 385 thousand square kilometres.

Population in 2023: 5.5 million inhabitants.

Gross domestic product in 2023: 449 billion euros.

Official language: Norwegian.

Independent since 1906 (former part of Sweden).

Includes the autonomous regions of Jan Mayen and Svalbard and the dependencies of Bouvetoya, Queen Maud Land and Peter I.

Member of the European Free Trade Association (founding member 1960).

Member of the Schengen Area (signed 1996, implemented 2001). Svalbard is not included in the Schengen Area.

Currency: Norwegian crown NOK.

Poland [Polska]

Area: 313 thousand square kilometres.

Population in 2023: 41.0 million inhabitants.

Gross domestic product in 2023: 750 billion euros.

Official language: Polish.

Independent since 1918 (former part of Russia).

Member of the European Union (since 2004).

Member of the Schengen Area (signed 2003, implemented 2007).

Currency: Polish zloty PLN (not in the exchange rate mechanism of the European Monetary System).

Portugal [Portugal]

Area: 92 thousand square kilometres.

Population in 2023: 10.2 million inhabitants.

Gross domestic product in 2023: 266 billion euros.

Official language: Portuguese.

Independent since 1143 (former part of the Kingdom of Leon).

Includes the autonomous regions of Azores [Açores] and Madeira [Madeira].

Member of the European Union (member of the European Communities since 1986).

Member of the Schengen Area (signed 1991, implemented 1995).

Currency: euro EUR (founding member of the European monetary union in 1999; former Portuguese escudo PTE).

Romania [România]

Area: 238 thousand square kilometres.

Population in 2023: 19.9 million inhabitants.

Gross domestic product in 2023: 325 billion euros.

Official language: Romanian.

Independent since 1858 (former part of the Ottoman Empire).

Member of the European Union (since 2007).

Member of the Schengen Area (signed 2007, implemented 2024).

Currency: Romanian leu RON (not in the exchange rate mechanism of the European Monetary System).

Russia [Rossija]

Area: 17098 thousand square kilometres.

Population in 2023: 144.4 million inhabitants.

Gross domestic product in 2023: 1913 billion euros.

Official language: Russian.

Independent since 1991 (former republic of Soviet Union).

Federal state. Includes 89 federal subjects (48 provinces, 24 republics, 9 territories, 4 autonomous districts, 1 autonomous province and 3 federal cities). Of these, Crimea, Donetsk and Luhansk (republics), Sevastopol (city) and Kherson and Zaporizhzhia (provinces) are internationally recognised as part of Ukraine.

Currency: Russian rouble RUB.

San Marino [San Marino]

Area: 0.06 thousand square kilometres.

Population in 2023: 0.03 million inhabitants.

Gross domestic product in 2023: 2 billion euros.

Official language: Italian.

Independent since 1631 (former part of Papal States).

Informal member of the Schengen Area (borders with Italy traditionally open).

Member of the euro zone (since 2002; until then Italian lira ITL).

Serbia [Srbija]

Area: 88 thousand square kilometres.

Population in 2023: 7.1 million inhabitants.

Gross domestic product in 2023: 70 billion euros.

Official language: Serbian (Serbo-Croatian).

Independent since 2006 (former republic of Serbia and Montenegro).

Includes the autonomous province of Vojvodina. The autonomous province of Kosovo and Metohija is independent *de facto* (see separate entry).

Currency: Serbian dinar RSD.

Slovakia [Slovensko]

Area: 49 thousand square kilometres.

Population in 2023: 5.8 million inhabitants.

Gross domestic product in 2023: 123 billion euros.

Official language: Slovak.

Independent since 1993 (former part of Czechoslovakia).

Member of the European Union (since 2004).

Member of the Schengen Area (signed 2003, implemented 2007).

Currency: euro EUR (since 2009; former Slovak koruna SVK).

Slovenia [Slovenija]

Area: 20 thousand square kilometres.

Population in 2023: 2.1 million inhabitants.

Gross domestic product in 2023: 64 billion euros.

Official language: Slovene.

Independent since 1991 (former republic of Yugoslavia).

Member of the European Union (since 2004).

Member of the Schengen Area (signed 2003, implemented 2007).

Currency: euro EUR (since 2006; former Slovene tolar SIT).

Spain [España]

Area: 506 thousand square kilometres.

Population in 2023: 47.5 million inhabitants.

Gross domestic product in 2023: 1462 billion euros.

Official language: Spanish. Other official languages of autonomous communities: Basque, Catalan and Galician.

Unified since 1715 (before then several autonomous kingdoms).

Includes the autonomous regions of Andalucía, Aragón, Asturias, Baleares, Canarias, Cantabria, Castilla – La Mancha, Castilla y León, Catalunya, Euskal (Basque Country), Extremadura, Galiza, La Rioja, Madrid, Murcia, Navarra, Comunitat Valenciana; the autonomous cities of Ceuta and Melilla; and the non-autonomous territories of Alhucemas, Chafarinas and Peñon del Velez de la Gomera.

Claims sovereignty over Gibraltar.

Member of the European Union (member of the European Communities since 1986).

Member of the Schengen Area (signed 1991, implemented 1995).

Currency: euro EUR (founding member of the European monetary union in 1999; former Spanish peseta ESP).

Sweden [Sverige]

Area: 450 thousand square kilometres.

Population in 2023: 10.6 million inhabitants.

Gross domestic product in 2023: 548 billion euros.

Official language: Swedish.

Independent since 1468 (former part of Denmark).

Member of the European Union (since 1995).

Member of the Schengen Area (signed December 1996, implemented 2001).

Currency: Swedish crown SEK (not in the exchange rate mechanism of the European Monetary System).

Switzerland (Helvetic Confederation) [Schweiz — Suisse — Svizzera — Svizra]

Area: 41 thousand square kilometres.

Population in 2023: 8.8 million inhabitants.

Gross domestic product in 2023: 818 billion euros.

Official languages: German, French, Italian and Romansh.

Independent since 1291 (former part of the Holy Roman Empire).

Federal state. Federated states (cantons and semi-cantons) of the Helvetic Confederation: Aargau, Appenzell Ausserrhoden, Appenzell Innerrhoden, Basel-Landschaft, Basel-Stadt, Bern, Fribourg, Genève, Glarus, Graubünden, Jura, Luzern, Neuchâtel, Nidwalden, Obwalden, Sankt Gallen, Schaffhausen, Schwyz, Solothurn, Thurgau, Ticino, Uri, Valais / Wallis, Vaud, Zug, Zürich.

Member of the European Free Trade Association (founding member in 1960).

Member of the Schengen Area (signed 2004, implemented 2008).

Currency: Swiss franc CHF.

Turkey [Türkiye]

Area: 783 thousand square kilometres.

Population in 2023: 85.8 million inhabitants.

Gross domestic product in 2023: 1020 billion euros.

Official language: Turkish.

Independent since the 13th century (former part of the Seljuk Empire).

Applied for membership of the European Union.

Currency: Turkish lira TRY.

Note – In diplomatic documents only the Turkish name of the country (Türkiye) should be used.

Ukraine [Ukraina]

Area: 604 thousand square kilometres.

Population in 2023: 36.7 million inhabitants.

Gross domestic product in 2023: 175 billion euros.

Official language: Ukrainian.

Independent since 1991 (former republic of Soviet Union).

The autonomous republic of Crimea and the territories of Donetsk, Luhansk, Kherson and Zaporizhzhia are annexed *de facto* by Russia.

Applied for membership of the European Union.

Currency: Ukrainian hryvnia UAH.

Vatican [Vaticano — Vaticano]

Area: 0.0004 thousand square kilometres.

Population in 2023: 0.001 million inhabitants.

Gross domestic product in 2023: less than 1 billion euros.

Official languages: Italian and Latin.

Independent since 1276 (former part of the Holy Roman Empire). Occupied by Italy in 1871.

Formal sovereignty restored by the Lateran Agreement in 1929.

Informal member of the Schengen Area (borders with Italy traditionally open).

Currency: euro EUR (since 2002; former Italian lira ITL).

APPENDIX 2 – CHRONOLOGY OF THE PROCESS OF EUROPEAN INTEGRATION

1944	September	Treaty of London establishing a customs union among Belgium, the Netherlands and Luxemburg.
1947	June	Marshall Plan of support from the United States of America to Europe announced.
	July	Paris Conference on the support from the United States of America to Europe. Gold convertibility of the British pound sterling re-established.
	August	Gold convertibility of the British pound sterling suspended.
	October	Molotov Plan of support from USSR to Eastern Europe countries announced.
	November	Multilateral payments agreement among Belgium, France, Italy, Luxemburg and the Netherlands.
1948	January	Treaty of London enters into force – customs union among Belgium, the Netherlands and Luxemburg (BENELUX) created.
	March	Treaty of Brussels – WU created.
	April	Treaty of Paris – OEEC created.
	May	European Congress of The Hague.
	June	Monetary reform in the American, British and French occupation zones of Germany, with replacement of the Reichsmark by the Deutsche Mark. West Berlin blockade by the Soviet Union.
	July	Monetary reform in the Soviet occupation zone of Germany, with replacement of the Reichsmark by the Deutsche Mark der Deutschen Notenbank.
	October	First European Payments Agreement in the framework of the OEEC.
1949	January	Creation of COMECON.
	April	Treaty of Washington – NATO created.
	May	Foundation of the Council of Europe. Formation of the Federal Republic of Germany from the American, British and French occupation zones of Germany. End of West Berlin blockade by the Soviet Union.
	September	Second European Payments Agreement in the framework of the OEEC.
	October	Formation of the German Democratic Republic from the Soviet occupation zone of Germany.
1950	May	Schuman Plan for a common market for coal and steel.
	July	Creation of the European Payments Union in the framework of the OEEC.

	October	Pléven Plan for a European army.
1951	April	Treaty of Paris establishing ECSC.
1952	May	Treaty of Paris establishing EDC.
	July	Treaty of Paris establishing ECSC enters into force – ECSC created.
1954	August	French parliament decides not to vote the ratification of the Treaty of Paris establishing EDC.
	October	Division of the Free Territory of Trieste between Italy and Yugoslavia.
1955	May	Modified Treaty of Brussels – WU becomes WEU. Treaty of Warsaw – Organization of the Treaty of Warsaw created.
	June	Messina Conference.
	August	European Monetary Agreement signed.
	October	Saarland votes by referendum to become part of the Federal Republic of Germany.
1957	January	Saarland becomes part of the Federal Republic of Germany.
	March	Treaty of Rome establishing EAEC and EEC.
1958	January	Treaty of Rome enters into force – EAEC and EEC created.
	February	Treaty of The Hague establishing an economic union among Belgium, the Netherlands and Luxemburg.
	December	End of the European Payments Union and coming into force of the European Monetary Agreement.
1959	August	Failure of negotiations for the creation of a European free trade zone.
1960	January	Stockholm Convention establishing EFTA.
	May	Stockholm Convention enters into force – EFTA created.
	August	Independence of Cyprus.
	September	European Social Fund of the European Communities created.
	November	Treaty of The Hague enters into force – economic union among Belgium, the Netherlands and Luxemburg created.
	December	Treaty of Paris extinguishing OEEC and establishing OECD.
1961	February	First summit of heads of state and government of the member states of the European Communities in Paris.
	March	Association of Finland to EFTA.
	July	Denmark, Great Britain and Ireland applications for membership of the European Communities.
	August	Treaty of Paris enters into force – OEEC extinct, OECD created. Building of the Berlin Wall.
	October	Approval of the European Social Charter by the Council of Europe.
	November	Fouchet Plan for a European political union.

1962	January	Common agricultural policy of the European Communities established.
	April	Norway application for membership of the European Communities.
	May	Portugal application for membership of the European Communities.
	November	Association of Greece to the European Communities.
1963	January	France vetoes Great Britain application for membership of the European Communities. Other applications withdrawn.
	July	First Yaoundé Convention (18 associated states – 1964-1969).
1964	September	Independence of Malta.
	December	Association of Turkey to the European Communities.
1965	April	Treaty de Brussels for the merging of the governing bodies of the European Communities.
	July	France leaves the Council of the European Communities (empty chair crisis).
1966	January	Luxemburg Compromise – unanimity rule for the decisions of the Council of the European Communities (end of the empty chair crisis).
	December	Free trade zone among founding members of EFTA established (with delays for Portugal).
1967	May	Denmark, Great Britain, Ireland and Norway applications for membership of the European Communities.
	July	Treaty of Brussels enters into force – governing bodies of the European Communities merged.
1968	July	Customs union among the founding members of the European Communities established.
1969	July	First Yaoundé Convention extended (1969-1971).
	September	Arusha Convention (3 associated states – 1971-1975).
	December	The Hague summit.
1970	January	Association of Malta to the European Communities.
	March	Iceland becomes an EFTA member.
	April	Treaty of Luxemburg creating own resources of the European Communities.
	June	Treaty of preferential trade between the European Communities and Spain.
	September	Common fishing policy of the European Communities established.
	October	Werner Plan for a monetary and economic union of the European Communities.
1971	January	Second Yaoundé Convention (19 associated states – 1971-1975).
	August	Gold convertibility of the American dollar suspended.
1972	January	Treaties for the accession of Denmark, Great Britain, Ireland and Norway to the European Communities.
		Prelude to the 4th movement of 9th symphony by Beethoven adopted as anthem of the European Communities.

	April	Basel Agreement creating the European monetary snake.
	July	Free trade agreements between the European Communities and the EFTA members.
	September	Treaty for the accession of Norway to the European Communities rejected in referendum.
	December	End of the European Monetary Agreement.
1973	January	Denmark (including Greenland, but not Faroe), Great Britain and Ireland become members of the European Communities. Free trade treaties between the European Communities and EFTA countries come into force.
	March	End of the fixed exchange rates regime of the Bretton Woods agreements.
	April	European Fund for Monetary Cooperation created.
	June	Association of Cyprus to the European Communities.
	October	First oil shock.
1974	January	Free trade treaty between the European Communities and Finland enters into force.
	April	Great Britain asks for a revision of its accession treaty to the European Communities.
	July	<i>De facto</i> division of Cyprus into two states.
1975	February	First Lomé Convention (46 associated states – 1976-1980).
	March	Revision of the accession treaty of Great Britain to the European Communities. European Fund for Regional Development (FEDER) created. European University Institute created.
	May	European Space Agency created.
	June	Great Britain approves accession to the European Communities by referendum. Greece application for membership of the European Communities.
	August	Final Act of the Helsinki Conference for Security and Cooperation in Europe.
	December	Creation of a European patent system.
1976	September	Association of Portugal to the European Communities.
1977	March	Portugal application for membership of the European Communities.
	July	Spain application for membership of the European Communities.
1978	December	Agreement for establishing a European monetary system, based on a European currency unit (ecu).
1979	March	The European monetary system created.
	May	Treaty for the accession of Greece to the European Communities.
	June	First election of the European Parliament by universal suffrage.
	October	Second Lomé Convention (58 associated states – 1980-1985).
1981	January	Greece becomes a member of the European Communities.

1982	February	Referendum in Greenland decides to leave the European Communities.
1983	November	Turkish Republic of Northern Cyprus proclaimed.
1984	January	Free trade zone between the European Communities and EFTA members established (with delays for Portugal).
	December	Third Lomé Convention (66 associated states – 1986-1990).
1985	March	Greenland leaves the European Communities and becomes an associated territory.
	June	Treaties for the accession of Portugal and Spain to the European Communities. Schengen Convention for the suppression of border controls among Belgium, France, F. R. Germany, Luxemburg and the Netherlands.
1986	January	Portugal and Spain become members of the European Communities. Finland becomes member of EFTA.
	February	Treaty of Brussels known as the European Single Act replacing the European Communities by a European Community and scheduling the conclusion of the economic union to 1992.
	May	Formal adoption of the twelve golden stars on a blue field as the flag of the European Community.
1987	April	Turkey application for membership of the European Community.
	July	The European Single Act enters into force – creation of the European Community. Morocco application for membership of the European Community. Rejected invoking geographical reasons.
1989	April	Delors Plan for an economic and monetary union.
	July	Austria application for membership of the European Community.
	November	Fall of the Berlin Wall.
	December	Fourth Lomé Convention (69 associated states – 1990-2000). Adoption of a program to support the reform of former central planning economies of Central and Eastern Europe.
1990	July	Monetary union between the Federal Republic of Germany and the German Democratic Republic. Liberalization of capital movements within the European Community. Cyprus and Malta applications for membership of the European Community.
	October	Political reunification of Germany, implying the enlargement of the European Community to the former German Democratic Republic.
	November	Charter of Paris creating OSCE. Italy signs the Schengen Convention.
1991	January	Lichtenstein becomes an EFTA member.

	February	Dissolution of the Warsaw Pact.
	April	Creation of the BERD.
	June	Dissolution of the COMECON. Portugal and Spain sign the Schengen Convention. Declaration of independence of Slovenia and Croatia from Yugoslavia.
	July	Sweden application for membership of the European Community.
	September	Declaration of independence of Macedonia from Yugoslavia.
	December	Association of Czechoslovakia, Hungary and Poland to the European Community. Dissolution of the Union of Socialist Soviet Republics.
1992	February	Treaty of Maastricht establishing the European Union.
	March	Finland application for membership of the European Community.
	April	Declaration of independence of Bosnia and Herzegovina from Yugoslavia.
	May	Reform of the common agricultural policy. Treaty of Porto establishing the European Economic Area among the European Community and EFTA countries.
	June	Denmark rejects the Treaty of Maastricht by referendum.
	September	Crisis of the European monetary system.
	November	Greece signs the Schengen Convention. Norway application for membership of the European Community.
	December	Switzerland rejects the Treaty of Porto by referendum. Revision of the Treaty of Maastricht.
1993	January	Economic union among the members of the European Community established. Division of Czechoslovakia into two states: Czechia and Slovakia.
	February	Association of Romania to the European Community.
	March	Association of Bulgaria to the European Community.
	April	Association of Slovenia to the European Community.
	May	Denmark ratifies the Treaty of Maastricht by referendum.
	August	Fluctuation margins of the European monetary system enlarged.
	November	Treaty of Maastricht enters into force – European Union created.
	December	Final agreement of the GATT Uruguay Round, creating the World Trade Organization.
1994	January	Treaty of Porto enters into force – European Economic Area including the European Union and EFTA, except for Liechtenstein and Switzerland, created. European Monetary Institute established.
	March	Hungary application for membership of the European Union.
	April	Poland application for membership of the European Union.

	June	Treaties for the accession of Austria, Finland, Norway and Sweden to the European Communities.
	November	Treaty for the accession of Norway to the European Communities rejected by referendum.
	December	Definition of a pre-accession strategy for the countries of Central and Eastern Europe by the European Union.
1995	January	Austria, Finland and Sweden become members of the European Union.
	April	Austria signs the Schengen Convention.
	May	Liechtenstein becomes a separate member of EFTA and part of the European Economic Area.
	June	Association of Estonia, Latvia and Lithuania to the European Union. Romania and Slovakia applications for membership of the European Union.
	October	Latvia application for membership of the European Union.
	November	First Euro-Mediterranean Conference. Estonia application for membership of the European Union.
	December	Application of Lithuania for membership of the European Union. Trade agreement between European Union and Mercosur. Dayton Agreement putting an end to the Bosnia and Herzegovina war, the last of independence wars of former Yugoslavian republics.
1996	January	Czechia application the for membership of the European Union. Customs union between the European Union and Turkey. Liberalization of the market for road transportation.
	March	First Euro-Asian Conference.
	June	Slovenia application for membership of the European Union.
	December	Denmark, Finland and Sweden sign the Schengen Convention. Iceland and Norway associate to the Schengen Convention.
1997	January	Liberalization of the electricity market.
	April	South Africa signs the Lomé Convention.
	October	Treaty of Amsterdam revising the Treaty of Maastricht.
1998	February	Association of Estonia, Latvia and Lithuania to the European Union.
	April	Peace agreement in Northern Ireland.
	June	European Central Bank established.
1999	January	European monetary union, based on a new monetary unit (the euro), established including eleven countries of the European Union: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxemburg, Netherlands, Portugal and Spain.
	May	Treaty of Amsterdam enters into force.

	June	In the wake of a NATO intervention against Yugoslavia, Kosovo becomes subject to international administration by the OSCE.
2000	June	Cotonou Agreement replacing Lomé Convention.
	September	Accession to the European monetary union rejected in Denmark by referendum.
	December	Charter of Fundamental Rights of the European Union approved.
2001	January	Greece becomes a member of the European monetary union.
	February	Treaty of Nice revising the Treaty of Amsterdam.
	June	Ireland rejects the Treaty of Nice by referendum. Vaduz Convention replacing the Stockholm Convention.
	October	Association of Croatia to the European Union.
2002	January	Circulation of coins and banknotes with euro denomination.
	June	Vaduz Convention enters into force.
	October	Ireland ratifies the Treaty of Nice by referendum.
2003	February	Croatia application for membership of the European Union. Treaty of Nice enters into force.
	April	Treaties for the accession of Cyprus, Czechia, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia to the European Union.
	September	Accession to the European monetary union rejected in Sweden by referendum. Transformation of Yugoslavia into Serbia-Montenegro.
2004	March	Macedonia application for membership of the European Union.
	May	Cyprus, Czechia, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia become members of the European Union.
	October	Constitutional Treaty of the European Union.
2005	May	Treaties for the accession of Bulgaria and Romania to the European Union. France rejects the Constitutional Treaty of the European Union by referendum.
	June	The Netherlands rejects the Constitutional Treaty of the European Union by referendum. Declaration of independence of Montenegro from Serbia-Montenegro. Revision of the Cotonou Agreement (Luxemburg Agreement).
2007	January	Bulgaria and Romania become members of the European Union. Slovenia becomes a member of the European monetary union.
	December	Treaty of Lisbon revising the Treaty of Nice. The Schengen Convention enters into force for Czechia, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.
2008	January	Cyprus and Malta become members of the European monetary union. Association of Montenegro to the European Union.
	February	Declaration of independence of Kosovo from Serbia.

	April	Association of Serbia to the European Union.
	June	Ireland rejects the Treaty of Lisbon by referendum. Association of Bosnia and Herzegovina to the European Union.
	August	War between Georgia and Russia, leading to the occupation of the autonomous republics of Abkhazia and South Ossetia by Russia.
	December	Montenegro application for membership of the European Union.
2009	January	Slovakia becomes a member of the European monetary union.
	April	Association of Albania to the European Union. Albania application for membership of the European Union.
	July	Iceland application for membership of the European Union.
	October	Ireland ratifies the Treaty of Lisbon by referendum.
	December	Serbia application for membership of the European Union. The Treaty of Lisbon enters into force.
2010	April	Joint program of the European Union, the European Central Bank and the International Monetary Fund for the financial stabilization of Greece.
	June	Revision of the Cotonou Agreement (Ouagadougou Agreement).
	November	Joint program of the European Union, the European Central Bank and the International Monetary Fund for the financial stabilization of Ireland.
2011	January	Estonia becomes a member of the European monetary union.
	May	Joint program of the European Union, the European Central Bank and the International Monetary Fund for the financial stabilization of Portugal.
	June	WEU extinct.
	October	Treaty establishing the Commonwealth of Independent States Free Trade Area.
	December	Treaty for the accession of Croatia to the European Union. Liechtenstein joins the Schengen Area.
2012	January	Intergovernment treaty on stability, coordination and governance in the economic and monetary union to limit negative balances of public accounts and public indebtedness among all European Union members except Czechia and Great Britain.
	February	Second joint program of the European Union, the European Central Bank and the International Monetary Fund for the financial stabilization of Greece.
	June	Program of the European Union for the financial stabilization of Spain.
	October	The European Stability Mechanism enters into force. The European Union is awarded the Nobel Peace Prize. Treaty establishing the Commonwealth of Independent States Free Trade Area enters into force.

2013	April	Joint program of the European Union, the European Central Bank and the International Monetary Fund for the financial stabilization of Cyprus.
	July	Croatia becomes a member of the European Union.
	November	Association of Georgia and Moldova to the European Union.
2014	January	Latvia becomes a member of the European monetary union.
	March	Declaration of independence of Crimea from Ukraine.
	April	Integration of Crimea in Russia as an autonomous republic.
	May	The regions of Donetsk and Lugansk separate from Ukraine, under informal protectorate of Russia.
		Treaty of Astana establishing the Eurasian Economic Union.
	November	The single supervision mechanism for banks enters into force.
2015	January	Lithuania becomes a member of the European monetary union.
		Treaty of Astana enters into force. Eurasian Economic Union created.
	March	Informal withdrawal of the application of Iceland for membership of the European Union.
	August	Third joint program of the European Union, the European Central Bank and the International Monetary Fund for the financial stabilization of Greece.
		Peak of migrant crisis.
2016	June	Referendum in Great-Britain chooses to leave the European Union
2017	March	Negotiations for Great-Britain withdrawal from the European Union start.
2019	December	Agreement for Great-Britain withdrawal from the European Union reached.
2020	January	Great Britain leaves the European Union.
	February	Covid19 pandemic reaches Europe.
2021	January	Great Britain (but not Northern Ireland) leaves the customs union.
2022	February	Russia recognises independence of Donetsk and Luhansk and invades Ukraine.
		Application of Ukraine for membership of the European Union.
	March	Application of Georgia for membership of the European Union.
		Application of Moldova for membership of the European Union.
	September	Formal annexation of Ukrainian regions of Donetsk, Lugansk, Kherson and Zaporizhzhia by Russia.
	October	First meeting of the European Political Community.
2023	January	Croatia becomes a member of the European monetary union.

Presidents of the High-Authority of the European Community of Coal and Steel

1952 Jean Monnet (France)

- 1955 René Mayer (France)
- 1958 Paul Finet (Belgium)
- 1959 Piero Malvestiti (Italy)
- 1963 Rinaldo Del Bo (Italy)
- 1967 Albert Coppé (Belgium – interim)
- 1967 Commission merged with the Commission of the European Economic Community

Presidents of the Commission of the European Community of Atomic Energy

- 1958 Louis Armand (France)
- 1959 Étienne Hirsch (France)
- 1962 Pierre Chatenet (France)
- 1967 Commission merged with the Commission of the European Economic Community

Presidents of the Commission of the European Economic Community, later European Communities, later European Community, later European Union

- 1958 Walter Hallstein (Germany)
- 1967 Jean Rey (Belgium)
- 1970 Franco Maria Malfatti (Italy)
- 1972 Sicco Mansholt (Netherlands)
- 1973 François-Xavier Ortoli (France)
- 1977 Roy Jenkins (Great-Britain)
- 1981 Gaston Thorn (Luxemburg)
- 1985 Jacques Delors (France)
- 1995 Jacques Santer (Luxemburg)
- 1999 Manuel Marín (Spain – interim)
- 1999 Romano Prodi (Italy)
- 2004 José Manuel Barroso (Portugal)
- 2014 Jean-Claude Juncker (Luxemburg)
- 2019 Ursula von der Leyen (Germany)

Presidents of the European Council

- 2009 Herman Van Rompuy (Belgium)
- 2014 Donald Tusk (Poland)
- 2019 Charles Michel (Belgium)

Presidents of the European Monetary Institute and the European Central Bank

1994	Alexandre Lamfalussy (Belgium)
1997	Willem Duisenberg (Netherlands)
2003	Jean-Claude Trichet (France)
2011	Mario Draghi (Italy)
2019	Christine Lagarde (France)

APPENDIX 3 – ORGANIZATIONS RELATED TO THE PROCESS OF EUROPEAN INTEGRATION

(by chronological order)

WU – Western Union

Military alliance created in 1948 (Treaty of Brussels).

Members: Belgium, France, Great Britain, Luxemburg, Netherlands.

Extinct in 1954. Replaced by the WEU – Western European Union.

OEEC – European Organization of Economic Co-operation

Created in 1948 (Treaty of Paris).

Founding members: Austria, Belgium, Denmark, France, United Kingdom of Great Britain and Northern Ireland, Greece, Iceland, Ireland, Italy, Luxemburg, Netherlands, Norway, Portugal, Sweden, Switzerland, Turkey. Also participating the American, British and French occupation zones in Germany and Zone A of the Free Territory of Trieste.

In 1949 – The American, British and French occupation zones in Germany became the Federal Republic of Germany.

In 1954 – Zone A of the Free Territory of Trieste integrated in Italy.

Associate in 1957: Spain.

Member in 1959: Spain.

Extinct in 1961. Replaced by OECD – Organization of Economic Co-operation and Development.

COMECON – Council for Mutual Economic Assistance

Created in 1949.

Founding members: Albania, Bulgaria, Czechoslovakia, Hungary, Poland, Romania, Union of Socialist Soviet Republics.

Member in 1950: German Democratic Republic.

Member in 1962: Mongolia.

Member in 1972: Cuba.

Member in 1978: Vietnam.

Extinct in 1991.

Council of Europe

Created in 1949.

Founding members: Belgium, Denmark, France, United Kingdom of Great Britain and Northern Ireland, Ireland, Italy, Luxembourg, Netherlands, Norway, Sweden.

Members in 1949: Greece, Turkey.

Members in 1950: Iceland.

Member in 1951: Federal Republic of Germany.

Member in 1956: Austria.

Member in 1961: Cyprus.

Member in 1963: Switzerland.

Member in 1965: Malta.

Member in 1976: Portugal.

Member in 1977: Spain.

Member in 1978: Liechtenstein.

Member in 1988: San Marino.

Member in 1989: Finland.

1990 – Federal Republic of Germany absorbed German Democratic Republic.

Member in 1990: Hungary.

Member in 1991: Poland.

Member in 1992: Bulgaria.

Members in 1993: Estonia, Lithuania, Slovenia, Czechia, Slovakia, Romania.

Member in 1994: Andorra.

Members in 1995: Latvia, Albania, Moldova, Macedonia, Ukraine.

Members in 1996: Russia, Croatia.

Member in 1999: Georgia.

Members in 2001: Armenia, Azerbaijan.

Member in 2002: Bosnia and Herzegovina.

Member in 2003: Serbia and Montenegro.

Member in 2004: Monaco.

2006 – separation of Serbia and Montenegro.

Member in 2006: Serbia.

Member in 2007: Montenegro.

NATO – North Atlantic Treaty Organization

Military alliance created in 1949 (Treaty of Washington).

Founding members: United States of America, Belgium, Canada, Denmark, France, United Kingdom of Great Britain and Northern Ireland, Iceland, Italy, Luxemburg, Norway, Netherlands, Portugal.

Members in 1952: Greece, Turkey.

Member in 1955: Federal Republic of Germany.

Member in 1982: Spain.

1990 – Federal Republic of Germany absorbed German Democratic Republic.

Members in 1999: Czechia, Hungary, Poland.

Members in 2004: Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia, Slovenia.

Members in 2009: Albania, Croatia.

Member in 2017: Montenegro.

Member in 2020: Northern Macedonia.

Member in 2023: Finland.

Member in 2024: Sweden.

ECSC – European Coal and Steel Community

Created in 1952 (Treaty of Paris).

Founding members: Belgium, France, Federal Republic of Germany, Italy, Luxemburg, Netherlands.

ECD – European Community of Defence

Military alliance to form a European army (Treaty of Paris 1952; never entered in force, because it was not ratified by France).

Intended members: Belgium, France, Federal Republic of Germany, Italy, Luxemburg, Netherlands.

WEU – Western European Union

Military alliance created in 1955 to replace WU – Western Union (Treaty of Brussels).

Founding members: Belgium, France, Federal Republic of Germany, United Kingdom of Great Britain and Northern Ireland, Italy, Luxembourg, Netherlands.

Associated members in 1988: Portugal, Spain.

Members (former associated members) in 1990: Portugal, Spain.

1990 – Federal Republic of Germany absorbed German Democratic Republic.

Associated members in 1992: Greece, Iceland, Norway, Turkey.

Observers in 1992: Denmark, Ireland.

Associated partners in 1994: Bulgaria, Czechia, Estonia, Hungary, Latvia, Poland, Romania, Slovakia.

Member (former associated member) in 1995: Greece.

Observers in 1995: Austria, Finland, Sweden.

Associated partner in 1996: Slovenia.

Associated members (former associated partners) in 1999: Czechia, Hungary, Poland.

1999 – Included in the European Union external and security policy (Treaty of Amsterdam).

Extinct in 2011.

Organization of the Treaty of Warsaw (Warsaw Pact)

Military alliance created in 1955.

Founding members: Albania, Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, Romania, Union of Socialist Soviet Republics.

Left in 1968: Albania.

Left in 1990: German Democratic Republic.

Extinct in 1991.

ECAE / Euratom – European Community of Atomic Energy

Created in 1958 (Treaty of Rome).

Founding members: Belgium, France, Federal Republic of Germany, Italy, Luxembourg, Netherlands.

EEC – European Economic Community

Created in 1958 (Treaty of Rome).

Founding members: Belgium, France, Federal Republic of Germany, Italy, Luxembourg, Netherlands.

ECSC + ECAE + EEC = European Communities

Initial members = members of ECSC + ECAE + EEC: Belgium, France, Federal Republic of Germany, Italy, Luxemburg, Netherlands.

Members in 1973: Denmark (including the Autonomous Region of Greenland, but not the Autonomous Region of Faroe), United Kingdom of Great Britain and Northern Ireland, Ireland.

Member in 1981: Greece.

Left in 1985: Greenland.

Members in 1986: Spain, Portugal.

1986 – European Communities transformed into the European Community (Single Act).

EFTA – European Free Trade Association

Created in 1960 (Stockholm Convention).

Founding members: Austria, Denmark, Great Britain, Norway, Portugal, Sweden, Switzerland.

Associated since the creation: Liechtenstein, due to its customs union with Switzerland.

Associated in 1961: Finland.

Member in 1970: Iceland.

Left in 1973: Denmark, Great Britain.

Left in 1986: Portugal.

Member in 1986: Finland (former associated).

Member in 1991: Liechtenstein (former associated).

Left in 1995: Austria, Finland, Sweden.

2001 – Stockholm Convention replaced by Vaduz Convention.

OECD – Organization of Economic Cooperation and Development

Created in 1961 (Treaty of Paris). Replaced OEEC – Organization of European Economic Cooperation.

Founding members: United States of America, Austria, Belgium, Canada, Denmark, France, Federal Republic of Germany, United Kingdom of Great Britain and Northern Ireland, Greece, Iceland, Ireland, Italy, Luxemburg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey.

Member in 1964: Japan.

Member in 1969: Finland.

Member in 1971: Australia.

Member in 1973: New Zealand.

1990 – Federal Republic of Germany absorbed German Democratic Republic.

Member in 1994: Mexico.

Member in 1995: Czechia.

Members in 1996: Republic of Korea (South), Hungary, Poland.

Member in 2000: Slovakia.

Member in 2010: Chile, Estonia, Israel, Slovenia.

Member in 2016: Latvia.

Member in 2018: Lithuania.

Member in 2020: Colombia

European Community

Created in 1986 – transformation of the European Communities (Single Act).

Initial members = members of the European Communities: Belgium, Denmark, France, Federal Republic of Germany, Greece, Ireland, Italy, Luxemburg, Netherlands, Portugal, Spain, United Kingdom of Great Britain and Northern Ireland.

1990 – the Federal Republic of Germany absorbed the German Democratic Republic.

1993 – European Community transformed into the European Union (Treaty of Maastricht).

EU – European Union

Created in 1993 – transformation of the European Community (Treaty of Maastricht).

Initial members = members of the European Community: Belgium, Denmark, France, Germany, United Kingdom of Great Britain and Northern Ireland, Greece, Ireland, Italy, Luxemburg, Netherlands, Portugal, Spain.

Members in 1995: Austria, Finland, Sweden.

1999 – Treaty of Amsterdam replaced the Treaty of Maastricht.

2003 – Treaty of Nice replaced the Treaty of Amsterdam.

Members in 2004: Cyprus, Czechia, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia.

Members in 2007: Bulgaria, Romania.

2009 – Treaty of Lisbon replaced the Treaty of Nice.

Member in 2013: Croatia.

Left in 2020: United Kingdom of Great Britain and Northern Ireland.

CSCE – Conference for Security and Cooperation in Europe

Created in 1973 (Final Act of the Conference of Helsinki – 1975).

Founding members: United States of America, Austria, Belgium, Bulgaria, Canada, Cyprus, Czechoslovakia, Denmark, Finland, France, Federal Republic of Germany, German Democratic Republic, United Kingdom of Great Britain and Northern Ireland, Greece, Holy See, Hungary, Iceland, Ireland, Italy, Liechtenstein, Luxemburg, Malta, Monaco, Netherlands, Norway, Poland, Portugal, Romania, San Marino, Spain, Sweden, Switzerland, Turkey, Union of Socialist Soviet Republics, Yugoslavia.

1990 – Federal Republic of Germany absorbed German Democratic Republic.

1990 – Paris Charter: CSCE – Conference for Security and Co-operation in Europe transformed into OSCE – Organization for Security and Co-operation in Europe.

OSCE – Organization for Security and Co-operation in Europe

Created in 1990 (Paris Charter), by transformation of CSCE – Conference for Security and Co-operation in Europe.

Founding members = former members of CSCE: United States of America, Austria, Belgium, Bulgaria, Canada, Cyprus, Czechoslovakia, Denmark, Finland, France, Germany, United Kingdom of Great Britain and Northern Ireland, Greece, Holy See, Hungary, Iceland, Ireland, Italy, Liechtenstein, Luxemburg, Malta, Monaco, Netherlands, Norway, Poland, Portugal, Romania, San Marino, Spain, Sweden, Switzerland, Turkey, Union of Socialist Soviet Republics, Yugoslavia.

Member in 1991: Albania.

1991 – Breaking up of Union of Socialist Soviet Republics. Members resulting from the break up accepted in 1991: Estonia, Latvia, Lithuania, Russia. Members resulting from the break up accepted in 1992: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Ukraine, Uzbekistan.

1991 – Breaking up of Yugoslavia. Members resulting from the break up accepted in 1992: Bosnia and Herzegovina, Croatia, Slovenia.

1993 – Breaking up of Czechoslovakia. Members resulting from the break up accepted in 1993: Czechia, Slovakia.

Member in 1995: Northern Macedonia.

Member in 1996: Andorra.

Member in 2000: Yugoslavia (from 2003 on Serbia and Montenegro).

2006 – Breaking up of Serbia and Montenegro. Members resulting from the break up accepted in 2006: Montenegro, Serbia.

Member in 2012: Mongolia.

Partners for co-operation

Asia

1992: Japan

1994: Republic of Korea (South)

2000: Thailand

2003: Afghanistan

2004: Mongolia (member in 2012)

Mediterranean

1994: Algeria, Egypt, Israel, Jordan, Morocco, Tunisia.

Oceania

2009: Australia

Appendix 4 – Organs of the European Union

Assembly and Parliament

Members of the Assembly by member state

Treaty	Paris	Rome	Accession of Denmark, Great Britain and Ireland
Belgium	10	14	14
Denmark	—	—	10
France	18	36	36
Germany	18	36	36
Great Britain	—	—	36
Ireland	—	—	10
Italy	18	36	36
Luxemburg	4	6	6
Netherlands	10	14	14
total	78	140	196

Members of the Parliament by member state

term	1979- 1984 (a)	1984- 1989 (b)	1989- 1994 (c)	1994- 1999 (d)	1999- 2004 (e)	2004- 2009 (f)	2009- 2014 (f)	2014- 2019 (g)	2019- 2024 (h)	2024- 2029 (i)
Austria	—	—	—	(21)	21	18	17	18	19	20
Belgium	24	24	24	25	25	24	22	21	21	22
Bulgaria	—	—	—	—	—	(18)	17	17	17	17
Croatia	—	—	—	—	—	—	—	11	12	12
Cyprus	—	—	—	—	—	(6)	6	6	6	6
Czechia	—	—	—	—	—	(24)	22	21	21	21

term	1979- 1984 (a)	1984- 1989 (b)	1989- 1994 (c)	1994- 1999 (d)	1999- 2004 (e)	2004- 2009 (f)	2009- 2014 (f)	2014- 2019 (g)	2019- 2024 (h)	2024- 2029 (i)
Denmark	16	16	16	16	16	14	13	13	14	15
Estonia	—	—	—	—	—	(6)	6	6	7	7
Finland	—	—	—	(16)	16	14	13	13	14	15
France	81	81	81	87	87	78	72	74	79	81
Germany	81	81	81	99	99	99	99	96	96	96
Great Britain	81	81	81	87	87	78	72	73	—	—
Greece	(24)	24	24	25	25	24	22	21	21	21
Hungary	—	—	—	—	—	(24)	22	21	21	21
Ireland	15	15	15	15	15	13	12	11	13	14
Italy	81	81	81	87	87	78	72	73	76	76
Latvia	—	—	—	—	—	(9)	8	8	8	9
Lithuania	—	—	—	—	—	(13)	12	11	11	11
Luxemburg	6	6	6	6	6	6	6	6	6	6
Malta	—	—	—	—	—	(5)	5	6	6	6
Netherlands	25	25	25	31	31	27	25	26	29	31
Poland	—	—	—	—	—	(54)	50	51	52	53
Portugal	—	(24)	24	25	25	24	22	21	21	21
Romania	—	—	—	—	—	(35)	33	32	33	33
Slovakia	—	—	—	—	—	(14)	13	13	14	15
Slovenia	—	—	—	—	—	(7)	7	8	8	9
Spain	—	(60)	60	64	64	54	50	54	59	61
Sweden	—	—	—	(22)	22	19	18	20	21	21
Total	410 (434)	434 (518)	518	567 (626)	626	570 (785)	736	751	705	720

In parentheses, members added during the term and total thereof.

(a) Treaty for the direct election of the Parliament (and Treaty for accession of Greece).

(b) Treaty for accession of Greece (and Treaty for accession of Portugal and Spain).

(c) Treaty for accession of Portugal and Spain.

(d) Treaty of Maastricht (and Treaty for accession of Austria, Finland and Sweden).

(e) Treaty for accession of Austria, Finland and Sweden.

(f) Treaty of Nice (and Treaties for accession of Cyprus, Czechia, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia and of Bulgaria and Romania).

(g) Treaty of Lisbon (and Treaty for accession of Croatia).

(h) Term 2019-2024 started as the previous one. Number of members changed as a consequence of Great Britain leaving the European Union.

(i) European Council Decision (EU) 2023/2061 of 22 September 2023.

Voting in the Council

Treaty	Rome	accession Denmark, Great Britain and Ireland	accession Greece	accession Portugal and Spain	accession Austria, Finland and Sweden	accession Cyprus, etc.	accession Bulgaria and Romania	accession Croatia
Austria	—	—	—	—	4	10	10	10
Belgium	2	5	5	5	5	12	12	12
Bulgaria	—	—	—	—	—	—	10	10
Croatia	—	—	—	—	—	—	—	7
Cyprus	—	—	—	—	—	6	6	6
Czechia	—	—	—	—	—	12	12	12
Denmark	—	3	3	3	3	13	13	13
Estonia	—	—	—	—	—	6	6	6
Finland	—	—	—	—	3	7	7	7
France	4	10	10	10	10	29	29	29
Germany	4	10	10	10	10	29	29	29
Great Britain	—	10	10	10	10	29	29	29
Greece	—	—	5	5	5	12	12	12
Hungary	—	—	—	—	—	12	12	12
Ireland	—	3	3	3	3	7	7	7
Italy	4	10	10	10	10	29	29	29
Latvia	—	—	—	—	—	4	4	4
Lithuania	—	—	—	—	—	7	7	7
Luxemburg	1	2	2	2	2	4	4	4
Malta	—	—	—	—	—	3	3	3
Netherlands	2	5	5	5	5	13	13	13
Poland	—	—	—	—	—	27	27	27
Portugal	—	—	—	5	5	12	12	12
Romania	—	—	—	—	—	—	14	14

Treaty	Rome	accession Denmark, Great Britain and Ireland	accession Greece	accession Portugal and Spain	accession Austria, Finland and Sweden	accession Cyprus, etc.	accession Bulgaria and Romania	accession Croatia
Slovakia	—	—	—	—	—	7	7	7
Slovenia	—	—	—	—	—	4	4	4
Spain	—	—	—	8	8	27	27	27
Sweden	—	—	—	—	19	10	10	10
total	17	58	63	76	89	310	334	352
majority (a)	12	42	45	54	62	(c)	(c)	(c)
country majority (b)	4	6	6	8	10	(c)	(c)	(c)

(a) Needed for a proposal coming from the Commission.

(b) Also needed for a proposal not coming from the Commission.

(c) Between 2003 and 2014, according to the Treaty of Nice, a decision implied a majority of countries (simple for Commission proposals, two thirds for other proposals), a 74% majority of voting weights and a 62% majority of population.

Since 2014, according to the Treaty of Lisbon, a decision implies a 55% majority of countries (or a 72% majority for a proposal not coming from the Commission) and a 65% majority of population.

APPENDIX 5 – OVERSEAS COUNTRIES AND TERRITORIES ASSOCIATED TO THE EUROPEAN COMMUNITIES, THE EUROPEAN COMMUNITY AND THE EUROPEAN UNION

Treaty of Rome (1958-1963)

French West Africa, comprised of Dahomey, Guinea, Ivory Coast, Mauritania, Niger, Senegal, French Sudan and Upper Volta; French Equatorial Africa, comprised of Chad, Gabon, French Congo and Ubangi-Shari; French colonies of Comoros, Madagascar, New Caledonia, French Oceania, Saint Pierre and Miquelon, French Somalia and French Southern and Antarctic Lands; French mandates of Cameroon and Togo; Belgian colony of Belgian Congo; Belgian mandate of Rwanda-Urundi; Italian mandate of Somalia; Dutch colony of New Guinea.

First Yaoundé Convention (1964-1971)

Burundi (former Urundi), Cameroon (former French Cameroon and part of former British Cameroon), Central African Republic (former Ubangi-Shari), Chad, Congo-Brazzaville (former French Congo), Congo-Léopoldville (former Belgian Congo), Dahomey, Gabon, Ivory Coast, Madagascar, Mali (former French Sudan), Mauritania, Niger, Rwanda, Senegal, Somalia (former British Somalia and former Italian Somalia), Togo, Upper Volta.

Second Yaoundé Convention (1971-1975)

Burundi, Cameroon, Central African Republic, Chad, Congo-Brazzaville, Dahomey, Gabon, Ivory Coast, Madagascar, Mali, *Mauritius*, Mauritania, Niger, Rwanda, Senegal, Somalia, Togo, Upper Volta, Zaire (former Congo-Léopoldville).

(In italics new associates).

Arusha Convention (1971-1975)

Kenya, Tanzania, Uganda.

First Lomé Convention (1976-1980)

Bahamas, Barbados, Benin (former Dahomey), Botswana, Burundi, Cameroon, Central African Republic, Chad, Republic of Congo (former Congo-Brazzaville), Ethiopia, Fiji, Gabon, Gambia, Ghana, Grenada, Guinea, Guinea-Bissau, Equatorial Guinea, Guyana, Ivory Coast, Jamaica, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Niger, Nigeria, Rwanda, Samoa, Senegal, Sierra Leone, Somalia, Sudan, Swaziland, Tanzania, Togo, Tonga, Trinidad and Tobago, Uganda, Upper Volta, Zaire, Zambia.

Second Lomé Convention (1981-1985)

Bahamas, Barbados, Benin, Botswana, Burundi, Cameroon, *Cape Verde*, Central African Republic, Chad, *Comoros*, Republic of Congo, *Djibouti*, *Dominica*, Ethiopia, Fiji, Gabon, Gambia, Ghana, Grenada, Guinea, Guinea-Bissau, Equatorial Guinea, Guyana, Ivory Coast (from 1985 on Côte d'Ivoire), Jamaica, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, *Mozambique*, Niger, Nigeria, *Papua New Guinea*, Rwanda, Samoa, *Saint Lucia*, *São Tomé and Príncipe*, Senegal, *Seychelles*, Sierra Leone, *Solomon Islands*, Somalia, Sudan, *Suriname*, Swaziland, Tanzania, Togo, Tonga, Trinidad and Tobago, *Tuvalu*, Uganda, Upper Volta (from 1984 on Burkina Faso), Zaire, Zambia.

(In italics new associates).

Third Lomé Convention (1986-1990)

Antigua and Barbuda, Bahamas, Barbados, *Belize*, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Republic of Congo, Côte d'Ivoire, Djibouti, Dominica, Ethiopia, Fiji, Gabon, Gambia, Ghana, Grenada, Guinea, Guinea-Bissau, Equatorial Guinea, Guyana, Jamaica, Kenya, *Kiribati*, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Niger, Nigeria, Papua New Guinea, Rwanda, Samoa, Saint Lucia, *Saint Kitts and Nevis*, *Saint Vincent and the Grenadines*, São Tomé e Príncipe, Senegal, Seychelles, Sierra Leone, Solomon Islands, Somalia, Sudan, Suriname, Swaziland, Tanzania, Togo, Tonga, Trinidad and Tobago, Tuvalu, Uganda, *Vanuatu*, Zaire, Zambia, *Zimbabwe*.

(In italics new associates).

Fourth Lomé Convention (1991-2000)

Angola, Antigua and Barbuda, Bahamas, Barbados, Belize, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Republic of Congo, Côte d'Ivoire, Djibouti, Dominica, *Dominican Republic*, Ethiopia, Fiji, Gabon, Gambia, Ghana, Grenada, Guinea, Guinea-Bissau, Equatorial Guinea, Guyana, *Haiti*, Jamaica, Kenya, Kiribati, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Niger, Nigeria, Papua New Guinea, Rwanda, Samoa, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, São Tomé and Príncipe, Senegal, Seychelles, Sierra Leone, Solomon Islands, Somalia, Sudan, Suriname, Swaziland, Tanzania, Togo, Tonga, Trinidad and Tobago, Tuvalu, Uganda, Vanuatu, Zaire (from 1997 on Democratic Republic of Congo), Zambia, Zimbabwe.

(In italics new associates).

Later associates: Namibia, South Africa.

Cotonou Agreement (2001)

Angola, Antigua and Barbuda, Bahamas, Barbados, Belize, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Democratic Republic of Congo, Republic of Congo, Cook Islands, Côte d'Ivoire, *Cuba*, Djibouti, Dominica, Dominican Republic, *Eritrea*, Ethiopia, Fiji, Gabon, Gambia, Ghana, Grenada, Guinea, Guinea-Bissau, Equatorial Guinea, Guyana, Haiti, Jamaica, Kenya, Kiribati, Lesotho, Liberia, Madagascar, Malawi, Mali, *Marshall Islands*, Mauritania, Mauritius, *Micronesia*, Mozambique, Namibia, *Nauru*, Niger, Nigeria, *Niue*, Palau, Papua New Guinea, Rwanda, Samoa, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, São Tomé and Príncipe, Senegal, Seychelles, Sierra Leone, Solomon Islands, Somalia, South Africa, Sudan, Suriname, Swaziland (from 2018 on Eswatini), Tanzania, Togo, Tonga, Trinidad and Tobago, Tuvalu, Uganda, Vanuatu, Zambia, Zimbabwe.

(In italics new associates).

Later associates: South Sudan, Timor-Leste.

Regional grouping of the African, Caribbean and Pacific countries associated to the European Union

Note – Some countries belong to more than one group and some groups include countries and territories not associated to the European Union.

Economic Community of West African States (ECOWAS) – Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Togo.

Economic Community of Central African States (ECCAS) – Angola, Burundi, Cameroon, Central African Republic, Chad, Republic of the Congo, Democratic Republic of the Congo, Gabon, Equatorial Guinea, Rwanda, São Tomé and Príncipe.

Southern African Development Community (SADC) – Angola, Botswana, Eswatini, Lesotho, Mozambique, Namibia, South Africa.

East African Community (EAC) – Burundi, Kenya, Rwanda, South Sudan, Tanzania, Uganda.

Common Market for Eastern and Southern Africa (COMESA) – Comoros, Djibouti, Eritrea, Ethiopia, Madagascar, Malawi, Mauritius, Seychelles, Somalia, Sudan, Zambia, Zimbabwe.

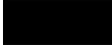
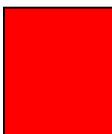
Caribbean Community (CARICOM) – Antigua and Barbuda, Bahamas, Barbados, Belize, Cuba, Dominica, Grenada, Guyana, Haiti, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago. Includes also the Dominican Republic, the British territories of Anguilla, Bermuda, Virgin Islands, Cayman Islands and Turks and Caicos Islands as associates. Colombia, Mexico and Venezuela, the Dutch territories of Aruba, Curacao and Saint Martin and the American territory of Puerto Rico are observers.

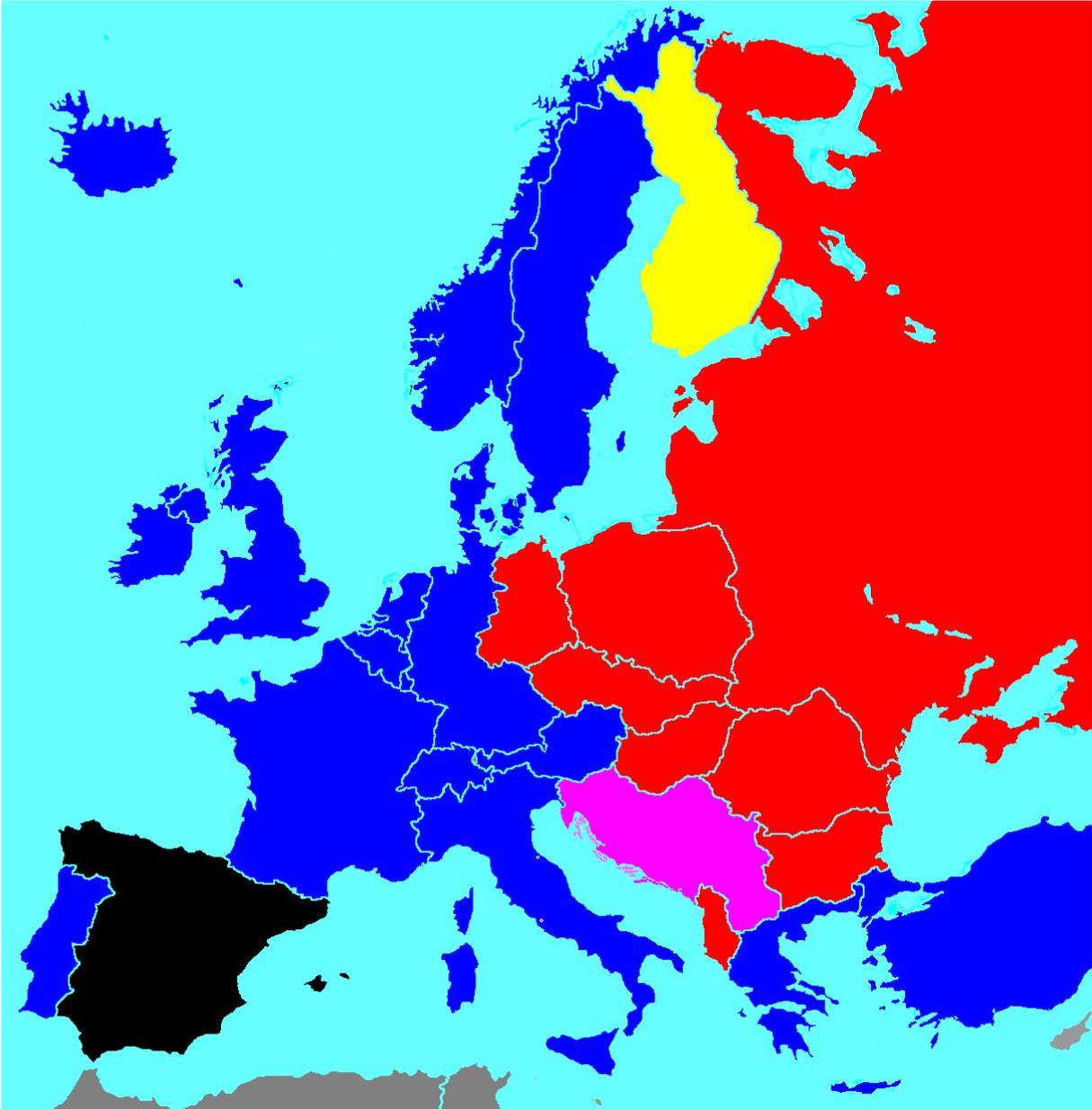
Pacific Community – Cook Islands, Fiji, Kiribati, Marshall Islands, Micronesia, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, Tonga, Tuvalu, Vanuatu. Includes also the American territories of Northern Marianas, Guam and Samoa, the British territory of Pitcairn, the French territories of New Caledonia, Polynesia and Wallis and Futuna and the New Zealand protectorate of Tokelau.

MAPS

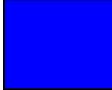
(adapted from <https://upload.wikimedia.org/wikipedia/commons/9/99/Europe blank map.png>)

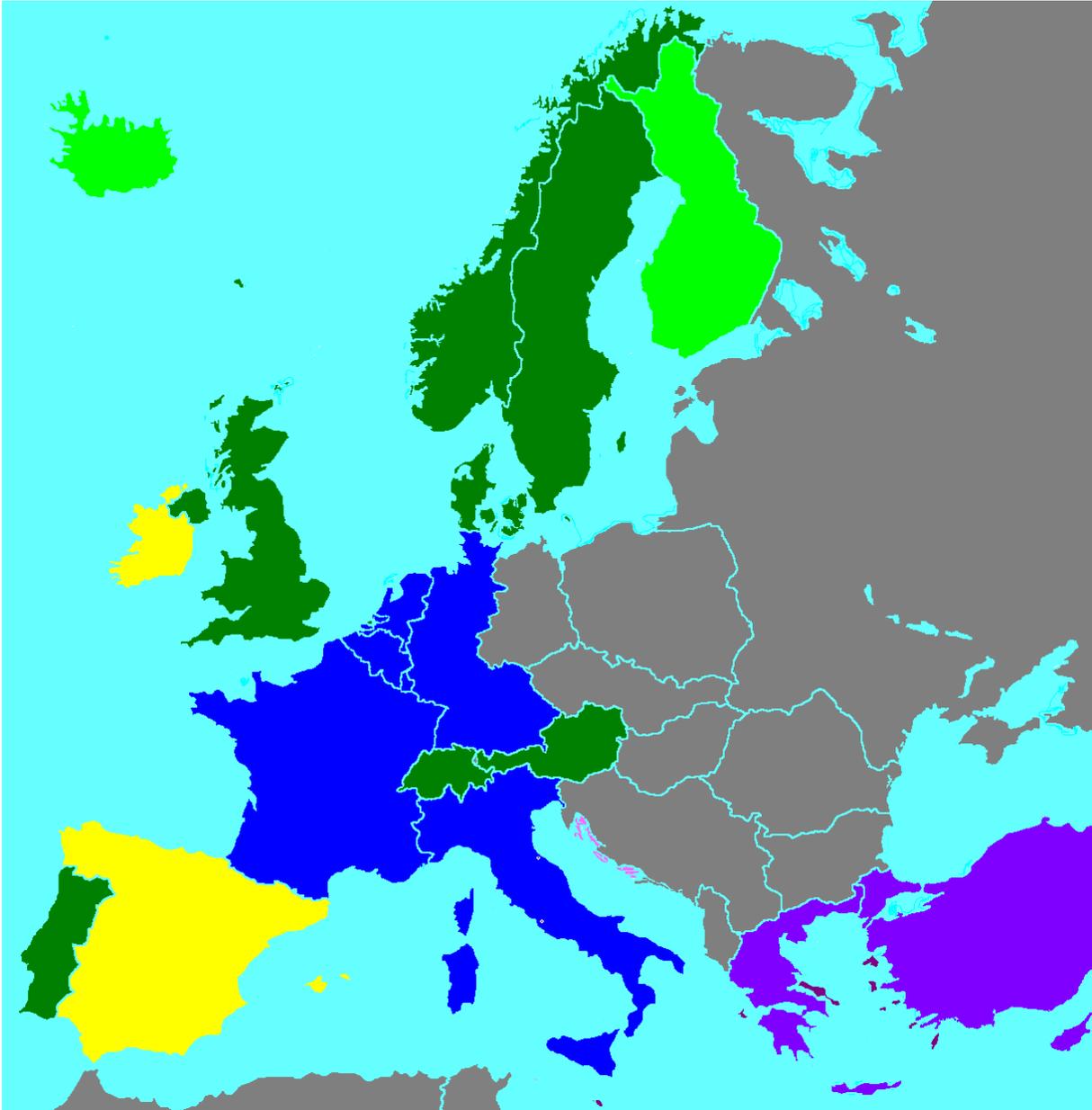
Map 1 – Europe and the Marshall Plan (1947)

	Excluded – market economy — Spain.
	Accepted – market economy – OEEC — Austria, Belgium, Denmark, France, Greece, Iceland, Ireland, Italy, Luxemburg, Netherlands, Norway, Portugal, Sweden, Switzerland, Turkey, United Kingdom of Great Britain and Northern Ireland. American, British and French occupation zones in Germany, later Federal Republic of Germany.
	Rejected – market economy — Finland.
	Rejected – central planning economy — Yugoslavia.
	Rejected – central planning economy – COMECON — Albania, Bulgaria, Czechoslovakia, Hungary, Poland, Romania, Union of Socialist Soviet Republics. Soviet occupation zone in Germany, later German Democratic Republic.



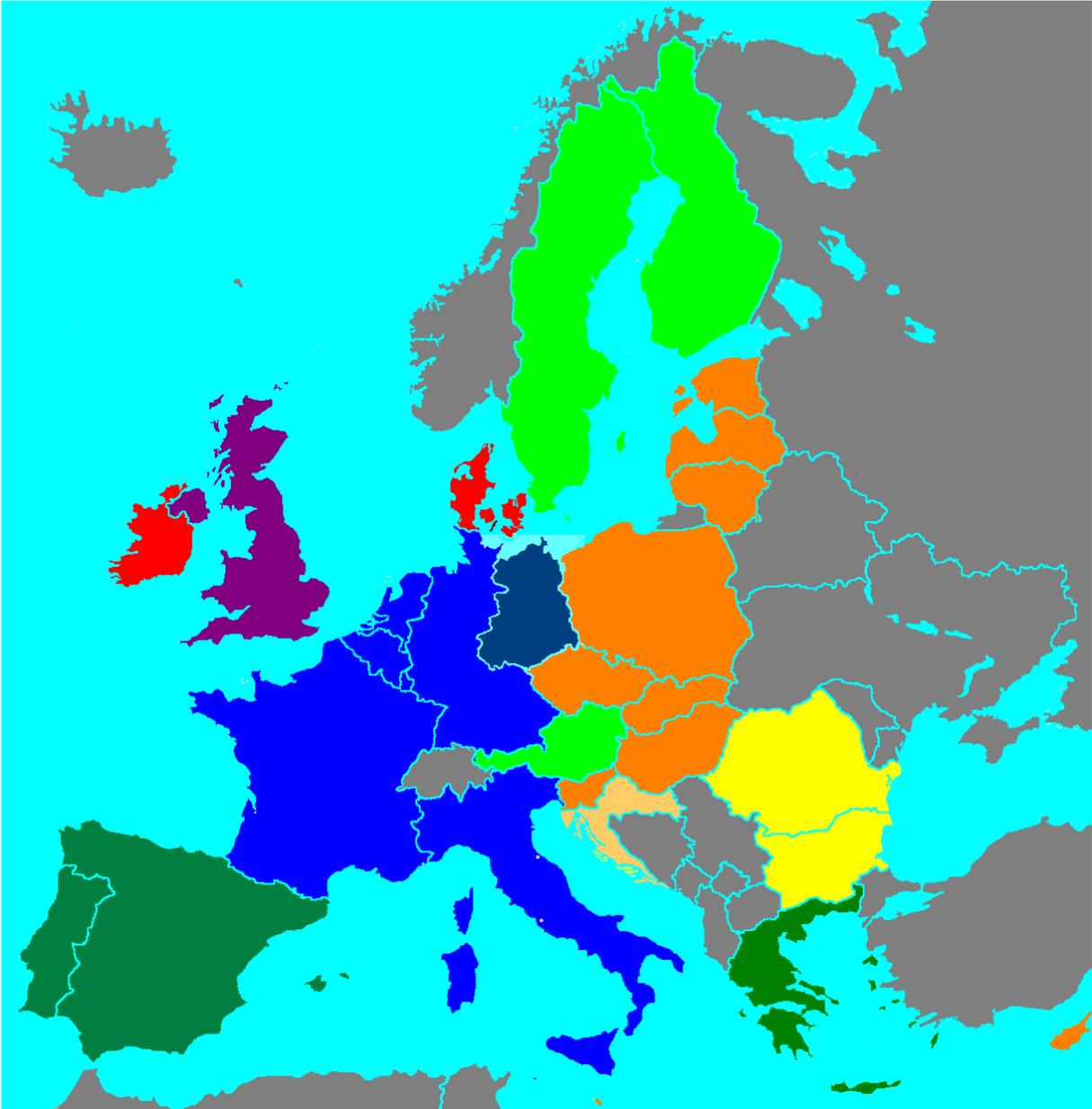
Map 2 – Division of OEEC into trade blocks (1958-1972)

	European Communities – initial members — Belgium, France, Federal Republic of Germany, Italy, Luxemburg, Netherlands.
	EFTA – initial members — Austria, Denmark, Norway, Portugal, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland.
	EFTA – later members — Finland, Iceland.
	European Communities associates — Cyprus, Greece, Malta, Turkey.
	Others — Ireland, Spain.



Map 3 – Membership of the European Union (former European Communities)

	1952 — Belgium, France, Federal Republic of Germany, Italy, Luxemburg, Netherlands.
	1973 — Denmark, Ireland.
	1973-2020 — United Kingdom of Great Britain and Northern Ireland.
	1981 — Greece.
	1986 — Portugal, Spain.
	1990 — former German Democratic Republic.
	1995 — Austria, Finland, Sweden.
	2004 — Cyprus, Czechia, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia.
	2007 — Bulgaria, Romania.
	2013 — Croatia.



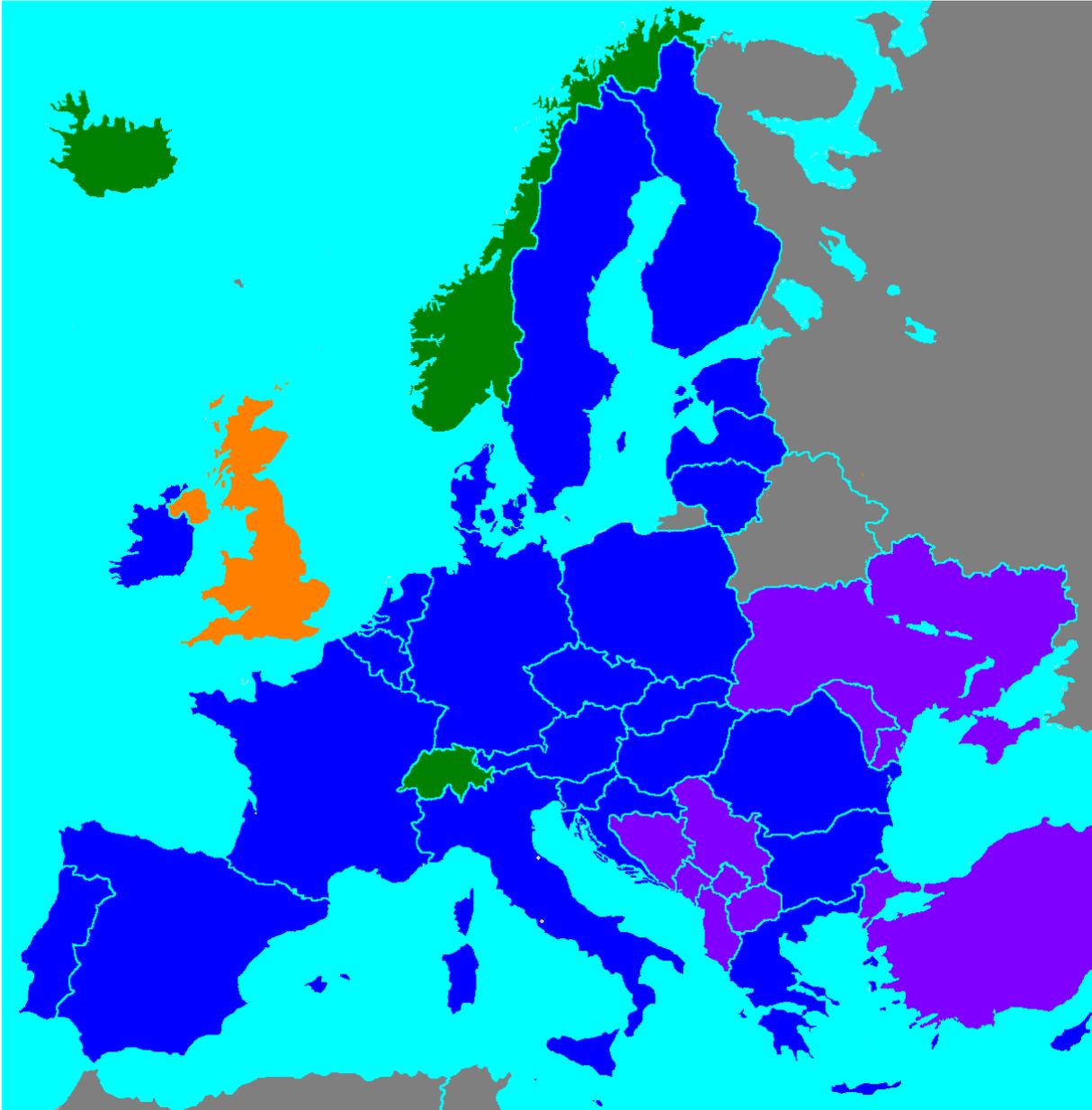
Map 4 – The European Union and Europe

	European Union members — Austria, Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, Finland, France, Federal Republic of Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxemburg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden.
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	EFTA members — Iceland, Liechtenstein, Norway, Switzerland.
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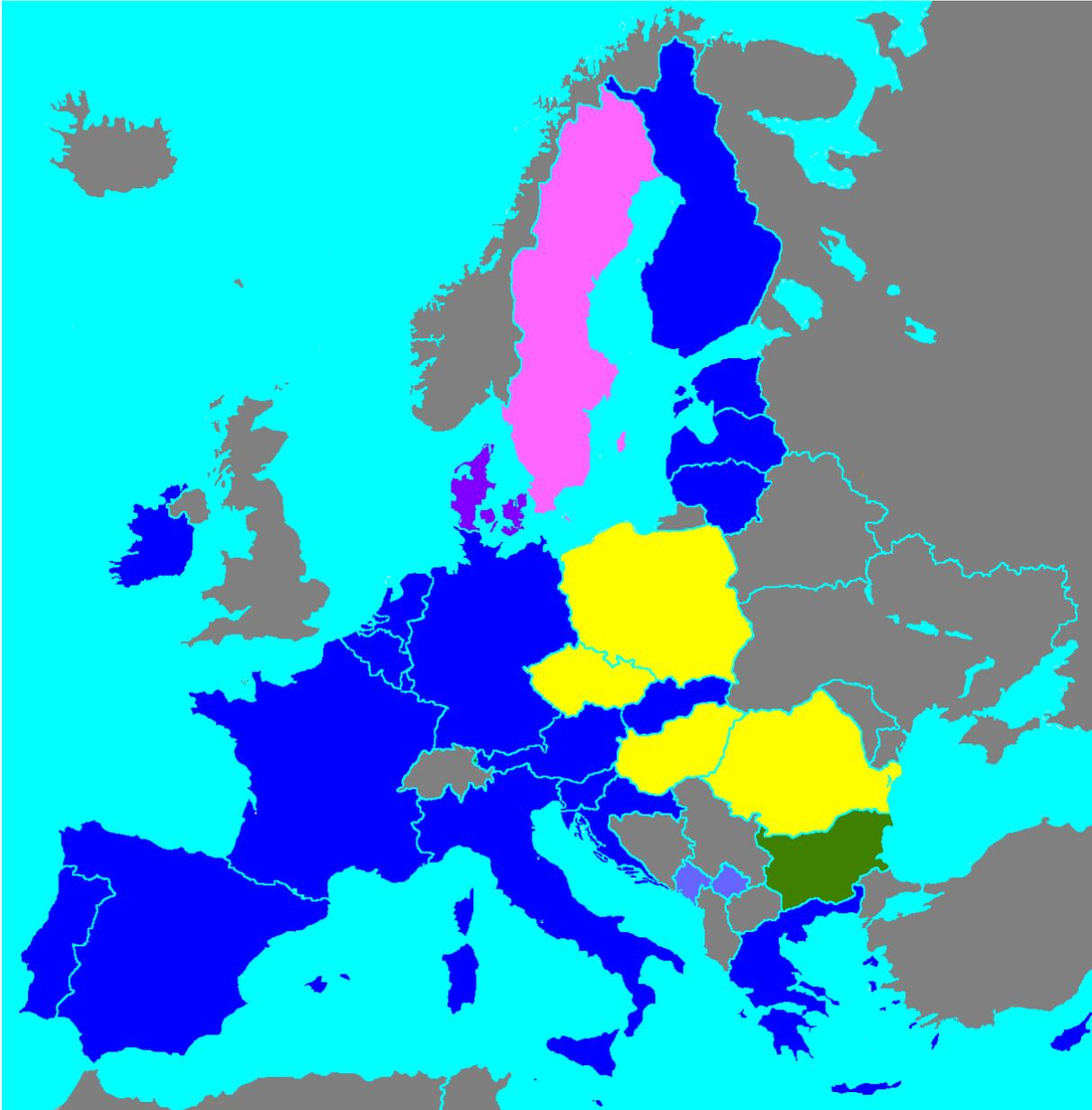
	European Union candidates — Albania, Bosnia and Herzegovina, Georgia, Northern Macedonia, Moldova, Montenegro, Serbia, Turkey, Ukraine.
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	European Union former member — United Kingdom of Great Britain and Northern Ireland.
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Map 5 – The Euro and the European Monetary System

	<p>Eurozone: European Union members — Austria, Belgium, Croatia, Cyprus, Estonia, Finland, France, Federal Republic of Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxemburg, Malta, Netherlands, Portugal, Slovakia, Slovenia, Spain. Other countries by agreement — Andorra, Monaco, San Marino, Vatican.</p>
	<p>European Union member inside the exchange rate mechanism — Bulgaria</p>
	<p>European Union member inside the exchange rate mechanism with opt-out clause — Denmark.</p>
	<p>European Union member outside the exchange rate mechanism because of the absence of opt-out clause — Sweden.</p>
	<p>European Union members outside the exchange rate mechanism — Czechia, Hungary, Poland, Romania.</p>
	<p>Non-European Union members using the euro unilaterally — Kosovo, Montenegro.</p>



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