

The challenges of European integration (1967–1974)

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The challenges of European integration (1967–1974)

Willy Brandt's term of office as Chancellor began with a rather sharp European wake-up call. At the Summit Meeting of Heads of State or Government of the European Community, held on 1 and 2 December 1969 in The Hague, Brandt insisted that the period of stagnation in Community affairs must be brought to an end. He identified three key challenges for the integration process, which were to complete, to enlarge and to deepen the Communities. Achieving these tasks would depend primarily — and here Brandt's position differed little from that of his predecessors — on an understanding between the Federal Republic and France. Brandt pursued an open and constructive dialogue both with General Charles de Gaulle, whose 'Third Force' policies had dominated and in many ways paralysed the development of European integration in the 1960s, and with Georges Pompidou, who following de Gaulle's resignation was ready to discuss new departures for Europe. While many of the initiatives launched in 1969 ran out of steam in the years that followed and the integration process suffered numerous setbacks, the impression left by the Brandt era is nevertheless that of a new start, the beginning of 'second-generation Europe'.

The Hague Summit (1–2 December 1969)

At the European Communities Summit held on 1–2 December 1969 in The Hague, Brandt established himself as one of the leading politicians of his time in the European affairs arena. Participants and observers alike agreed that the address given by the man who had been elected Chancellor only a few months before eclipsed the lacklustre speech from the French President; historically, it remains one of the highpoints of the Summit. Brandt said that Europe was in crisis and must therefore in the first instance focus on the 'narrower issues' and take the necessary decisions. Only when it had learnt to speak with one voice could the Community afford to take a position on such international problems as the Middle-East conflict. He pointed also to the right of Europe's citizens, and of its youth in particular, to be presented with tangible results. The Bundestag and the general public in the Federal Republic were not expecting him to come home empty handed.

The issue calling most urgently for a solution was undoubtedly that of Community enlargement. Throughout the 1960s, Pompidou's predecessor General Charles de Gaulle had refused to enter into negotiations with the United Kingdom and had in so doing blocked both the completion and the deepening of the Community. De Gaulle's resignation in April 1969 had opened up the prospect that the enlargement issue might at last be resolved, and Brandt reminded participants at the Summit in The Hague just how necessary this step was. In this connection he also addressed the alleged concern of France and other EC partners that the Federal Republic might come to occupy a dominating position. Brandt argued that those who feared German economic dominance in the Community should by the same token be in favour of enlargement.

That Pompidou, on 23 July 1969, a little over a month after assuming office, took the initiative of convening a summit conference was welcomed by Brandt and the Federal Government. Just a few days earlier Brandt had himself, in the course of a keynote speech on European policy, called for an intergovernmental conference and outlined the themes that should be addressed: commencement of negotiations with the countries wishing to accede, termination of the twelve-year transitional period on 1 January 1970 as planned, agreement on the agricultural policy and the funding of agriculture from 1970, increased powers for the European Parliament, own resources for the European Communities from customs duties and levies, and finally agreement on regular foreign and defence policy consultations. In the run-up to the Summit, the French President was kept informed about the Federal Government's plans and, in particular, about the intention to propose a Monetary Fund. In this way it was possible to get the message across to the French Government that completion of the Community — and this meant in particular a definitive settlement of the funding arrangements for the common agricultural policy, a pressing issue for France — could be achieved only in combination with a solution to the accession question.

At the Summit itself, Brandt went on to surprise his European partners and the public with a comprehensive programme which also encompassed reinforcement of the European institutions and the creation of an economic and monetary union. A number of the points addressed by Brandt were taken up in the Final Communiqué from the Summit; that Communiqué became a sort of Community legislative programme for the next two years and would go on to have a long-term impact on European cooperation.

In the short term the Hague Summit enabled the Community to be completed on time — the governments reached agreement before the year was out on funding arrangements for agriculture. The commencement of accession negotiations with the United Kingdom and the other applicant countries (Denmark, Ireland and Norway) was also approved; these finally began on 30 June 1970. The initiatives concerned with political unification were pursued in a longer-term perspective. A committee chaired by the Luxembourg Prime Minister, Pierre Werner, was tasked with developing a plan for the establishment of an economic and monetary union. A working group headed by the Belgian diplomat Viscount Davignon was instructed to draw up a report on the scope for closer political cooperation among the EC Member States. While both initiatives, following an initial period of enthusiasm, were hindered by the diverging interests of the Member States and suffered setbacks during crisis periods (the Arab–Israeli War, the 1973 energy crisis), they may be viewed as first steps along the way to a political union.

The Franco-German partnership

The Grand Coalition, led by Kurt Georg Kiesinger (CDU) as Chancellor and Willy Brandt (SPD) as Vice-Chancellor and Foreign Minister, was guided by a commitment to building the *entente élémentaire*. It is widely held that Franco-German friendship suffered, during Ludwig Erhard's term as Chancellor (1963–1966), from the poor relationship which Erhard the 'Atlanticist' and his Foreign Minister, Gerhard Schröder, maintained with de Gaulle. Admittedly, Kiesinger's government policy statement of 13 December 1966, to which Brandt and the SPD had made a substantial contribution, rejected 'an illusory choice' between the USA and France. Franco-German cooperation nevertheless enjoyed particular prominence in the government's programme and, on their first visit to Paris, the Chancellor and his Foreign Minister emphasised their wish to revive the 1963 Élysée Treaty. Particular attention would be placed on developing cooperation in the areas of technological cooperation and Ostpolitik. This undertaking was made more difficult by de Gaulle's brand of politics, for while he demanded loyalty from the Federal Republic, he on many occasions preferred to go it alone on security issues and in dealings with Central and Eastern Europe.

The heaviest strain on the relationship resulted from the issue of UK accession to the EC, which British Prime Minister Harold Wilson had restored to the Community agenda in May 1967. Brandt emerged as a particularly active advocate of an enlargement that would include the United Kingdom, Ireland, Denmark and Norway; in adopting this line, he knew that he enjoyed majority backing in the Bundestag and among the general public. He was, however, no more inclined than Chancellor Kiesinger to step up the pressure on Paris. In November 1967, de Gaulle reiterated his 1963 veto on EC membership for the United Kingdom and so continued to thwart efforts to resolve a problem which was coming increasingly to paralyse the work of the Community. In the search for transitional solutions the Federal Government once again found itself in the uncomfortable role of mediator, having to contend with the demands of the countries applying for accession, which were looking for greater support from Bonn, of impatient EC partners, who wished to put pressure on Paris, and of France, whose contribution to European unification was required by both Brandt and Kiesinger. While de Gaulle's resignation in April 1969 opened up the prospect of a solution to the accession question, Bonn still found itself acting as mediator. In the accession negotiations which began in 1970, Brandt considered his role to be primarily that of promoting dialogue between de Gaulle's successor, Georges Pompidou, and the new British Prime Minister, Edward Heath. The summit meeting between the two statesmen in May 1971, a meeting which Brandt had suggested, smoothed the way for a successful outcome to the negotiations.

Brandt's relationship with Pompidou could hardly be termed amicable but it was certainly one of close, and ultimately fruitful, cooperation. In the run-up to the EC Summit in The Hague, Egon Bahr had advised his boss to intensify relations with France and move on from *coopération exemplaire* to *coopération préférentielle*. And Pompidou was indeed made privy to the Federal Government's intentions, in the conviction that this was the only way to secure a breakthrough on the three key issues to be addressed at the Summit: completion, deepening and enlargement. When summing up the results of the Summit, Brandt was again unsparing in his praise for his French partner's broad European vision. In the years that followed, Brandt deliberately took a back seat so as to avoid the impression that the Federal Republic wished to assume a leading role in Europe. France's support was too important, not least when it came to ensuring that the German Ostpolitik was securely bound to the European mainstream. At all events, Brandt preferred to stay with the notion of an

entente exemplaire, an expression which in his view better conveyed the role of the Franco-German relationship as the axis of the European Community, its driving force. Pompidou too was comfortable with this characterisation of the relationship.

Brandt and Pompidou could point to a number of results obtained and initiatives taken during their period in office. These included completion of the transitional phase, achievement of EC enlargement and the initiation of ambitious projects for the political unification of Europe. At that stage, however, it did not prove possible to pursue the unification projects in particular in more than a limited form. By 1974, when Brandt was forced into resignation over a spy scandal and President Pompidou died, a stagnating integration process had already led to a measure of disillusionment as regards political unification. For Brandt, the attainment of far-reaching goals now took second place behind the task of consolidating what had already been achieved.

Completion of the Community

Before devoting himself as Chancellor to the task of enlarging and deepening the Community, Brandt was first confronted, as Foreign Minister in the Grand Coalition, with the issue of completion. On the Community's tenth anniversary in 1967, Brandt observed that the EEC was 'still a long way short of the goal'. One of the most urgent tasks was the merging of the executive bodies of the three Communities, ECSC, Euratom and the EEC, which had been determined 1965 in order to bring greater transparency and simplicity to the workings of the European institutions. The merger was completed in July 1967, while completion of the Customs Union — the elimination of customs barriers within the Community and the establishment of a common external customs tariff — was even achieved ahead of schedule.

Negotiations on the funding of the common agricultural policy (CAP), on which a definitive agreement was supposed to be reached on expiry of the transitional period on 1 January 1970, proved considerably more difficult. France's agriculture benefited more than any other from the Community arrangements and Paris was particularly concerned to arrive at a definitive settlement before the new power relationships and interests that would result from enlargement were able to shape Community policy in this area. The CAP funding issue had been one of the reasons for the 'empty chair' crisis in 1965 and 1966, which was finally resolved in spring 1966 by means of the Luxembourg Compromise. As the end of the transitional period approached, the funding issue was increasingly perceived by the 'Five' as an important means of exerting pressure on France. Enlargement and CAP funding became part of a negotiating package on which an agreement of principle was reached in The Hague. It then took a series of marathon sessions of the Council of Ministers to tie up the details of the package by the end of the year.

Brandt the Social Democrat took the Community's social dimension very much to heart. At the Paris Summit of 19–20 October 1972, to which the potential new Member States were also invited, the Federal Government submitted the proposal that the Community's social policy be strengthened. Brandt explained in support of the proposal that social justice 'must not remain an abstract concept and social progress must not be mistaken for a mere adjunct to economic growth'. With the strengthening of the Community's social dimension, Brandt was particularly addressing the growing scepticism among the general public, which was finding it increasingly difficult to identify with the Community. The decision taken by the people of Norway, just a month before the Paris Summit, to turn down EC membership had been something of a wake-up call in this respect.

In view of the crises with which the Community was having to contend towards the end of his term of office, Brandt eventually returned to the theme of completion. The time had now come, as he put it to the European Parliament in autumn 1973, to set the big plans aside and embark upon a phase of consolidation so as to save all that had been achieved in countless compromises.

The first enlargement of the Communities

The question of the enlargement of the European Communities, which had exercised the Community ever since January 1963 when de Gaulle, the French President, rejected British accession, accompanied Brandt throughout almost his entire period in government.

In the autumn of 1966, at about the same time as the Grand Coalition came to power, the British Prime Minister Harold Wilson initiated exploratory discussions in the EC capitals, and this was followed in May and June 1967 by applications by London and the other candidates (Denmark, Ireland and Norway). The Grand Coalition declared its support for enlargement at an early stage; Brandt's party, which, as long ago as the 1950s, had pressed for enlargement of the Community, took a particularly prominent stance, calling publicly for a start to negotiations and advising the applicant countries. At the same time, he also backed Chancellor Kiesinger's refusal to put any overt pressure on France in this matter. Paris had to be convinced, not hustled. Indirect pressure was, however, the subject of careful planning. Accordingly, agreement was reached in the Federal Government in November/December 1967, following de Gaulle's second veto, that the definitive funding arrangements for the common agricultural policy sought by France should be made subject to a solution being found to the enlargement issue. But initially the path to a reopening of negotiations was once again blocked, even though the 'Friendly Five' (the Federal Republic, Italy and the Benelux countries) succeeded in the Council of Ministers in keeping the topic on the Community agenda. The applicant countries, too, maintained their applications for accession.

During 1968, as a step on the way to accession, a series of alternative solutions were proposed, all based on a gradual dismantling of trade barriers and an extension of cooperation with the applicant countries in a variety of political areas. Taking up a proposal made by de Gaulle, Brandt and the Federal Government actively supported efforts to establish a formal trade arrangement. This proposal came to nothing, however, in the face of the United Kingdom's insistence on a binding timetable through to the opening of accession negotiations, a demand which in turn France turned down flat.

Meanwhile Denmark and Norway, the Scandinavian applicants for accession, were discussing with Sweden and Finland plans for a Nordic customs union (provisionally called Nordek). Nordek too was seen as a transitional solution and was greeted as such by Brandt and the Federal Government. Both the EC Commission and the Federal Government were in fact uneasy at the prospect of a Nordic customs union, as this could subsequently stand in the way of EC accession for the Scandinavian countries. Brandt was however prepared to accept that Norway and Denmark intended to maintain their applications for accession and wished to build the requisite flexibility into the Nordek Treaty. Finland, on the other hand, whose close ties with the Soviet Union ruled out EC accession, saw the Nordic solution as an alternative to joining the EC. The same applied to Euro-sceptic circles in Sweden and Norway. When in early 1970, following the Summit in The Hague, there were signs of an impending breakthrough on the enlargement issue, Helsinki refused to sign the now negotiated Nordek Treaty, thereby scuppering the project once and for all.

Following de Gaulle's resignation in April 1969, Brandt had worked hard to establish lines of communication with Georges Pompidou, France's new President, of whom he believed — quite rightly as it turned out — that more flexibility could be expected on the accession question. And at the EC Summit in The Hague on 1 and 2 December, it did indeed prove possible to achieve a breakthrough and agree that negotiations would begin in summer 1970. During the negotiation preparations and in the negotiations themselves, which began on 30 June 1970 in Luxembourg, Brandt and his Foreign Minister, Walter Scheel (FDP), played an important, albeit deliberately low-profile, role. Both were constantly at pains to ensure that the French took the lead in the negotiations. That said, when the breakthrough in negotiations with the United Kingdom actually came in June 1971, Brandt paid tribute not only to Pompidou and Heath for their commitment but also to his own government, whose efforts had contributed significantly to the successful outcome.

Brandt and the Federal Republic played a more prominent role in the negotiations with the Scandinavian countries. As far and away their largest trading partner among the Six, this role fell naturally enough to the Federal Republic. But Brandt also had political and personal reasons for lending his support to accession by the social-democratically inclined countries of Northern Europe, with which he had close ties dating back to his exile there. His active contribution did not, however, suffice to ensure a satisfactory negotiating outcome with regard to Norway. The Treaty signed by the Norwegian Government on 22 January 1972 was rejected by a majority of the population in a referendum held on 25 September of the same year. The Danish people gave their consent to EC accession a short time later, which meant that the Community could now go forward in a nine-member formation. By the end of 1972, free-trade agreements had been negotiated with the EFTA countries which had not applied for accession.

Political cooperation and the deepening of the Communities

By the time of the 1965–66 ‘empty chair’ crisis at the latest, it had become clear to supporters of the functionalist approach that there would be no automatic transition from the economic and technical unification of Europe to political unification. In keeping with his pragmatic view of the integration process, Brandt devoted himself in the first instance, as Foreign Minister, to the most immediate and achievable tasks: completion of the Common Market and merging of the Communities. The sense of a new departure with the resignation of de Gaulle seemed at the same time to favour further steps towards a deepening of European cooperation.

It was against this background that Brandt, speaking at the Summit in The Hague, addressed the issue of foreign policy coordination, which had been on hold for a number of years. With the enlarged Community in mind, he saw an opportunity in this area to arrive at a common recognition of the *finalité politique*. The negative experiences of the de Gaulle era having brought home to Brandt the merits of caution, he did however quite deliberately set a modest target. Although he proposed ‘a step-by-step development of political cooperation among the Member States’, he conceded that ‘the areas of economic association and political cooperation’ need not necessarily be absolutely identical. This initiative was incorporated in the Summit recommendations and by June 1970 a working group headed by Belgian diplomat Viscount Davignon had already submitted a report on political cooperation in the Communities, which the Council of Ministers would approve on 27 October 1970. The Davignon Report on European Political Cooperation advocated regular consultations among EC Foreign Ministers and more frequent agreements at working level. There were, on the other hand, no plans to integrate political cooperation into the Community institutions.

The Foreign Ministers of the enlarged EC, meeting in July 1973 in Copenhagen, approved the follow-up to the Davignon Report; this second report sought to extend the range of consultations to embrace a number of areas of cooperation. At the Summit Meeting of the Nine, held in December 1973 in the Danish capital, foreign policy cooperation among the Member States found its way into the Declaration on European Identity. Just how far the Community actually was from effective coordination of the Member States’ foreign policy positions had, however, become clear in the preceding weeks as the Middle-East crisis unfolded. It was only in the preparations for the Conference on Security and Cooperation in Europe (CSCE) — and thus precisely in the domain in which Brandt had already, at the 1969 Summit in The Hague, suggested harmonisation — that the Nine succeeded in taking a common stance.

The creation of a dedicated Secretariat in support of foreign policy cooperation had been discussed at an early juncture. Pompidou could see merit in a ‘light’ Secretariat based in Paris, but since the other Member States had set their sights on Brussels, the matter was not taken any further.

Another issue which arose in the debate on the deepening of political cooperation was that of where responsibility for European policies should reside within the national governments. Supported by Katharina Focke, Permanent Parliamentary Secretary with responsibility for European policy matters in the Office of the Federal Chancellor, Brandt applied himself to the question of the extent to which the work of the Community institutions could be bolstered by the appointment of European Affairs Ministers or Junior Ministers. The proposal was originally mooted by Georges Pompidou, although, in the course of the subsequent discussions, he moved to a more reserved position in the light of demarcation problems in his own government. The UK Premier, Edward Heath, also had reservations about appointing a European Affairs Minister, concerned as he was that as many members of his government as possible should acquire experience in Brussels. Brandt himself had to concede that a Europe Minister would carry too little weight vis-à-vis the specialist ministries. The Federal Government ‘resolved’ the issue, following the 1972 federal elections, by promoting the Permanent Parliamentary Secretary position in the Foreign Ministry to the status of Minister of State and assigning to it certain coordinating functions, one being to head the important Committee of European Affairs Junior Ministers. Hans Apel (SPD) was the first to hold this post, but, in the long term, the Committee failed to assert itself as the central coordinating authority for German policy on Europe. No uniform set of arrangements among the Member States was achieved.

The bureaucratisation of the integration process was a trend which had exercised Brandt since his time as Foreign Minister. He identified uncertainty as to powers and responsibilities as the primary cause of an increasing weariness about Europe among the citizens of the Member States. Hence his proposal in The Hague ‘to tighten up the working methods of the Council [of Ministers]’ and ‘develop the Commission’s executive tasks in an appropriate manner’. Brandt also thought it advisable to involve the Heads of State or Government more closely in the drafting of key political decisions. Encouraged by the success of the Hague Summit, Brandt envisaged the establishment of regular gatherings of Heads of State or Government, a concept which emerged in discussions with the British Prime Minister, Edward Heath, and with Jean Monnet; he called the proposed gatherings ‘Presidency Meetings’. He also took up the idea, put forward by Georges Pompidou, of a ‘European Government’. He had to recognise, however, that for the French President such steps in the evolution of the integration process would be taken only in the very long term. The same applied to the strengthening of the European Parliament. In The Hague, Brandt had already argued the case for bringing ‘the structure of the Community into line with the principles of parliamentary scrutiny’. This would imply extending Parliament’s powers and, in the medium term, the direct election of the Members of the European Parliament. Pompidou, in contrast, had little interest in giving the European Parliament a real say in decisions, let alone in granting it genuine powers in the area of budgetary control; he also rejected direct elections.

Brandt came to recognise, in the final months of his period in government, that the Community’s potential for achieving progress on the major political and institutional issues was limited. He persisted nonetheless in suggesting new avenues that might lead to political unification. Addressing the European Parliament in October 1992, he renewed the call for a European Government which, in cooperation with the European Parliament, would be responsible for developing a future programme of work for the Community. The Final Declarations issued by the Community at the Summits held in Paris (October 1972) and Copenhagen (December 1973) seemed to confirm Brandt’s optimism. At the Paris Summit the Community agreed on the aim of creating a European Union by the end of the decade. And at the Summit in Copenhagen this aim was confirmed and the ‘European identity’ was established as the basis for the Community’s international commitment. But with an economic crisis looming, the Community was unable in the mid-1970s to muster the force required to turn these lofty goals into tangible measures.

Economic and monetary union and monetary cooperation in Europe

The effort to combine monetary policy coordination and joint economic measures became the Brandt Government’s leading political project in the European arena. Inspired by Jean Monnet, Brandt made proposals in this connection to the Summit in The Hague, proposals which were taken up in the Final Communiqué. An ad hoc committee chaired by Pierre Werner, the Luxembourg Prime Minister, was set up in March 1970 with the task of analysing various more far-reaching proposals, including the German plan to create an economic and monetary union. In October 1970, the committee submitted what came to be called the Werner Plan, under which an economic and monetary union would be created in stages within 10 years.

Addressing the Bundestag on 6 November 1970, Brandt emphasised the political value of economic and monetary solidarity and dubbed the Werner Plan a ‘new Magna Carta for Europe’. His enthusiasm was however shared neither within his own government nor in Paris. While the French President supported Community initiatives to stabilise the international monetary system, he would not accept the transfer of control over monetary policy to Community institutions. In March 1971, the Council of Ministers decided to proceed in stages to an economic and monetary union. However, only a short time after that decision, the project had to be de facto suspended when the weakness of the dollar triggered a monetary crisis. On 9 May 1971 the Federal Government took the decision to revalue the Deutschmark, once it had become clear that a collective floating of the European currencies against the dollar was not feasible. In talks with Pompidou, Brandt justified his government’s decision, while giving an assurance that Germany still supported the objectives set out in the Werner Plan. And when, in August 1971, unilateral action by the US President (ending of the dollar’s convertibility against gold, 10 % import tax) brought about another monetary crisis, Brandt and Pompidou worked together to find a European solution. The Franco-German series of measures, which provided for the devaluation of the dollar, revaluation of the Deutschmark and maintenance of the French franc at the existing exchange rates, was accepted in December 1971 by the Club of Ten (the 10 most industrialised nations: Belgium, Canada, the Federal Republic, France, Italy, Japan, the Netherlands, Sweden,

the United Kingdom and the USA) as the European compromise proposal and enshrined in what became known as the 'Smithsonian Agreement'. In an attempt to reactivate the Werner Plan, the EC Member States agreed in March 1972 to set up the 'currency snake', within which exchange rates were free to fluctuate only inside established parities. In the Final Statement published at the end of the October 1972 Community Summit in Paris, the Member States affirmed their determination 'to strengthen the Community by establishing an Economic and Monetary Union, the guarantee of stability and growth, the foundation of their solidarity and the indispensable basis for social progress.' In the subsequent dollar crisis of spring 1973, the European currencies remained tied to each other through this structure of fixed parities, with specified allowable fluctuation bands.

By no means all the EC Member States were, however, in a position to take part in the cooperative management of monetary policy. The United Kingdom, Ireland and Italy stayed outside the currency snake. Denmark took the krone out of the snake for a number of months in 1972 and, in January 1974, even France had to withdraw from the system for a few months. The Federal Government, too, found itself with no choice but to counter the repeated waves of speculation with unilateral measures. The lack of internal agreement on currency policy led, in June 1972, to the resignation of Karl Schiller, the Minister for Economic Affairs, who was replaced by Helmut Schmidt. Proceeding with the stage-by-stage plan for the creation of an economic and monetary union was out of the question in such a climate. The Nine did, admittedly, agree, in 1973, to set up a European Monetary Fund, as provided for in the Werner Plan, but the intention that the fund should develop into a European Central Bank could not be implemented. There was no longer any talk of coordinating economic policy. Faced with the severe economic tensions triggered by the oil crisis, most governments — including the Federal Government — gave priority to national defensive strategies.

But these various setbacks notwithstanding, the Brandt–Scheel Government could rightly lay claim to having placed the economic and monetary union project irrevocably on the Community agenda.