

7 From Maastricht to Nice, 1992–2001

Implementing the Monetary Union

Realizing the Maastricht decisions was not a straightforward affair. Not only was there still the open question as to whether Great Britain and Denmark would participate in the third stage of the monetary union. The completion of the internal market and the introduction of a common currency also brought so many changes to the economic organization and everyday lives of Europeans that it was unknown whether these developments would be readily accepted. Moreover, in achieving the convergence criteria necessary for the transition to the third stage, the member states had to contend with divergent economic developments that they could influence only to a limited extent.

The ratification of the Treaty on European Union and of the revised EEC Treaty (now called the Treaty on Foundation of the European Community) was endangered when on 12 May 1992, the Danish Folketing voted on the ratification bill: Although it did win a majority, it failed to achieve the constitutionally-mandated five-sixths support necessary for immediate adoption. A referendum now had to be organized. In response, those who were against Danish membership in the European Community on principle and those who opposed its further development joined together in a campaign that garnered a surprisingly-high level of support. Against the vote of almost all parties represented in parliament, against the labor unions, and against the major newspapers, some 50.7 percent of the voters opposed the Maastricht Treaties in the referendum of 2 June 1992. The gap between those against and the 49.3 percent who voted in favor amounted to only 46,000 votes altogether.

The surprising Danish “no” caused a considerable shock in the Community. The Council of Ministers immediately decided that the ratification process in the other countries would continue according to the envisaged schedule. Meeting in Lisbon on 26 and 27 June, the heads of state and of government ruled out any renegotiation of the treaties; in other respects, the Danish problem was deferred for the time being. In the public opinion of the other countries, however, those forces opposed to individual aspects of the treaties for various reasons or opposed to the entire direction of the unification process were given a boost. Up to that point, those opponents had not seemed to have much prospect of success; now, they were in a position to spark intense fundamental discussions on the progress of European unification.

In most countries, this changed nothing in terms of the results of the ratification process. In Ireland, supporters of the treaties were successful with 68.7

percent of the vote in a referendum of 18 June. During July, the parliaments of Luxembourg, Belgium, and Greece gave their approval by quite large majorities, likewise the Italian Chamber of Deputies and the Spanish parliament in October, followed by the Portuguese parliament in December. In the Netherlands, the House of Representatives voted in favor on 17 November and the Senate on 15 December. As earlier in the European Parliament, there was much criticism here regarding the democratic deficit, the failure to include foreign and domestic policy in the Community system, and the non-binding character of the European Social Charter. Dissatisfaction with the results of the negotiations did not however lead to any blocking of the progress that had nevertheless been made.

Things transpired differently in France. There, a congress consisting of a joint gathering of the National Assembly and the Senate approved the treaty amendments necessary for the ratification of the Maastricht Treaties on 23 June by a broad majority. Mitterrand however wanted to leave the decision on the treaties themselves to the people; he had decided this in late May in light of the debate in Denmark. On the basis of opinion polls, he figured on winning a majority in his country, one that would at the same time benefit the beleaguered position of the Socialist government. Also, he had convinced himself that a common currency needed the approval of the voters if it were to have success over the long term. Ever since a sudden worsening of his cancer, he had moreover been plagued by a certain weariness of office that served to increase his willingness to take risks. As he said to Jacques Attali, if he were to lose, he would resign, and that would in fact be a fine departure.¹

Mitterrand announced his decision on 3 June, one day after the rejection of the treaty by a slim majority of the Danes. In the lively debate that ensued, it was not only the Communist Party under Georges Marchais and the “National Front” under Jean-Marie Le Pen that reaffirmed their opposition to European unification. It was also minorities among the Gaullists (Charles Pasqua, Philippe Séguin), the Conservatives (Philippe de Villiers), and the governing Socialists (Jean-Pierre Chevènement), who made names for themselves as the defenders of national identity and sovereignty against “Brussels technocracy” and the hegemony of the Germans. They gained impetus from the Danish “no” as well as from the pressure on the French franc that was unleashed by it and the high interest-rate policy of the *Bundesbank* that threatened the growth of the French economy.

As a majority for the treaty rapidly melted away, Kohl decided to hasten to the aid of the president via an appearance on French television. On 3 September, he

¹ Attali, *Mitterrand*, p. 354. On the ratification process overall, Gerbet, *Construction*, pp. 400–409; Finn Laursen and Sophie Vanhoonacker (eds.), *The Ratification of the Maastricht Treaty. Issues, Debates and Future Implications*, Dordrecht: Kluwer Academic Publishers, 1994.

participated in a television marathon in which Mitterrand defended the common currency and celebrated Franco-German friendship. The chancellor vowed to the French people that he would not fail in his support for the great work being undertaken by their president.² It remains difficult to determine whether and to what extent this helped. In any event, a very slim majority of 51.05 percent voted for ratification on 20 September; some 48.95 percent voted against, with a bare third of the voters staying away from the polls. “Maastricht” was thus saved once again. In France as well as the other important member states, the broad support for the European project that Mitterrand had had in mind did not materialize, however.

In the Federal Republic, the tabloid *Bild* and the magazine *Der Spiegel* opposed “the end of the mark”; and some politicians of the CSU—Peter Gauweiler most loudly—stoked fears of “Esperanto money.” After the Danish rejection, the *Frankfurter Allgemeine Zeitung* published a “manifesto” of sixty German economists who criticized the convergence criteria stipulated in Maastricht as “too weak” and warned of “severe economic tensions” in the wake of an “overhasty introduction” of the Community currency.³ The *Bundesbank* cautioned once again that a “comprehensive political union” was the prerequisite for the “enduring existence” of the monetary union and pursued its high-interest policy for financing German unity without worrying about endangering a majority for the treaty in France. However, after the decision for ratification was made in the Fifth Republic, Kohl and Waigel succeeded in isolating the opposition voices within the parties. On 2 December, the Bundestag approved the treaties by the overwhelming majority of 543 to seventeen.

In Denmark, meanwhile, the parties in parliament had on 30 October come to agreement on a declaration in which they demanded a special statute for their country in the European Union: no participation in a common defense or the Community currency or Union citizenship or common authority in the areas of justice and police. The European Council however stuck by its position of not negotiating further on exceptional regulations. At the Council meeting in Edinburgh on 11 and 12 December only “acknowledged” that Denmark would not participate in a common defense or the Community currency. In regard to Union citizenship, the Council declared that it would “in no way take the place of national citizenship.” In a unilateral declaration, the Danish government added that transfers of authority in the areas of justice and police would have to be approved by referendum.⁴ On the basis of these specifications, some 56.8 percent of Danish voters

² Lappenküper, *Mitterrand*, pp. 324ff.

³ *Frankfurter Allgemeine Zeitung*, 11 June 1992.

⁴ “Schlussfolgerungen des Europäischen Rates in Edinburgh 11./12.12.1992,” in: *Jahrbuch der Europäischen Integration 1992/93*, pp. 439–478, here pp. 457–460.

approved the Maastricht Treaties in a second referendum on 18 May 1993; the government presented the ratification document on 17 June.

In Great Britain, a small but highly-aggressive minority of the governing Conservatives, spearheaded by Margaret Thatcher, along with a minority of the Labour Party fought against the Maastricht Treaties. As a result of the elections of 9 April, the government's majority had dwindled to twenty-one seats; and the Conservative opponents of Maastricht were then able to compel Prime Minister John Major to accept that, after the Danish "no," the process of ratification in the British Parliament would be halted until it could be known what would follow from the rejection of the treaties in Denmark. After the Danish Folketing had issued its demand for a special statute within the framework of the European Union on 30 October, the House of Commons resumed debate. It was only possible to vote after the positive outcome of the second Danish referendum on 18 May 1993 and after serious parliamentary conflict as well as a whole series of amendments. On 20 May 1993, the House of Commons approved the Maastricht Treaties by a vote of 292 to 112. By abstaining, a majority of Labour MPs had helped the treaties succeed.

Even with the submission of the British ratification documents on 2 August, the treaties still could not come into effect. No fewer than twenty-nine opponents of the treaties in Germany submitted complaints to the German Constitutional Court. The court however agreed to hear only one of the complaints, needing until 12 October before announcing its decision. The complaint was rejected, and the German government was then able to submit the ratification document in Brussels the same evening so that the treaties could come into effect on 1 November 1993—some ten months later than anticipated. Nevertheless, the justices linked their approval of the treaties to an interpretation of them that left open further political possibilities for the opponents of Maastricht: They characterized the Union as a "confederacy of states," in which the member states remained masters over the treaties. The transfer of further sovereign rights to the Union was thereby made conditional on the approval of the Constitutional Court, which also certified the right of the Bundestag to reject the transition to the third stage of the monetary union on 1 January 1999 if the stability goals had not been met.⁵

Calling into question a central agreement of the modified Community Treaty was all the more significant as the stability guidelines being followed by the members of the European Monetary System in anticipation of the monetary union became ever more difficult to maintain due to reduced economic growth. Tensions among the participating currencies were heightened by the inflation in the Federal Republic in the wake of the conversion of the GDR's currency at a ratio

⁵ Stark, *Kohl*, pp. 247–253.

of one to one as well as the growing debt from financing German unity, along with a significant drop in the US dollar. The Bundesbank decided to combat this inflation by a drastic hike in the prime rate, with the discount rate rising from 2.0 percent in 1987 to 8.75 percent in July of 1992. This meant that countries with weaker economies faced a dilemma; if they continued to adhere to the rates, sharp economic declines would result.

Then, as the Danish “no” of June 1992 suddenly made the realization of the monetary union uncertain, the markets began to speculate on the devaluation of individual currencies. In late August, the British pound came under severe pressure and shortly thereafter the Italian lira too. John Major and Chancellor of Exchequer Norman Lamont did not initially want to devalue; for its part, the *Bundesbank* showed little inclination to assist its partners by lowering interest rates. Thus, the monetary committee of the central bank governors was only able to decide on devaluing the lira by seven percent during their meeting on 12 and 13 September, along with a negligible reduction of the prime rates of Germany, Belgium, and the Netherlands. This half-hearted decision further increased the pressure on the pound and the lira. On 16 September, “black Wednesday,” the pressure reached such intensity that it forced the British government to withdraw from the exchange-rate mechanism of the monetary system—at least “temporarily,” as was said. After a hastily-called nighttime meeting of the monetary committee, Italy too had to leave the exchange-rate mechanism; the Spanish peseta was also devalued by five percent. A British demand to suspend the monetary system altogether was rejected by the partners.⁶

After the humiliating defeat of the British, speculation concentrated on the French franc. As Major and Lamont had done earlier, Mitterrand and French Treasury Director Jean-Claude Trichet now requested a reduction in German interest rates. Additionally, they demanded a declaration that nothing would change regarding the parity of the franc and the mark. This was wholly unacceptable to *Bundesbank* President Helmut Schlesinger, who had taken over the post after the resignation of Pöhl in June of 1991. At a meeting between the German and French finance ministers and central bank governors on the fringes of the annual gathering of the International Monetary Fund in Washington on 22 September, he said, “I would not like to expose myself to ridicule by being proven wrong by the facts after twelve or twenty-four or forty-eight hours.” For his part, Trichet conjured up the danger of the failure of the common currency project: “The alliance between France and Germany since their reconciliation is the fulcrum of the European

⁶ Ungerer, *History*, pp. 263–265; Dyson and Featherstone, *Road*, pp. 682–685; David Marsh, *Der Euro. Die geheime Geschichte der neuen Weltwährung*, Hamburg: Murmann, 2009, pp. 210–223.

system. What one hears in your words and your tone is the dissolution of the system.”⁷

Trichet received support in this critical situation from Helmut Kohl. In a conversation at the Élysée Palace on the same day, Mitterrand made clear to the chancellor the gravity of the situation. Kohl then picked up the phone and told first Horst Köhler and then Hans Tietmeyer, Schlesinger’s deputy, that he desired “within the next few hours” a declaration of the governors on the preservation of the parity of the two currencies.⁸ With an eye toward the independence of the *Bundesbank*, he of course added that the bank itself must make the decision in the end. The pressure he exerted was sufficient to change the view of the German delegation in Washington. At the close of an over four-hour session, there emerged a joint communiqué of the central bank governors and the finance ministers in which the parity of the franc and the mark was declared to be inviolable. Moreover, the *Bundesbank* expressed its willingness to increase its loans to the *Banque de France* to thirty-nine billion marks, some four billion more than it had accorded the Bank of England on “black Wednesday.”

Together with a minor reduction of German interest rates and a hike in French ones, these measures were in fact sufficient to rein in speculation against the franc. Spain had to accept two more devaluations, as did Portugal; and after the British pound had lost more than ten percent of its worth against the mark by year’s end, Ireland too had to devalue despite solid economic data. Finland, Sweden, and Norway dissolved the pegs to the European currency unit that they had established in 1990–91. In contrast, the franc (with an inflation rate of two percent in France) began to replace the mark (with its inflation rate of more than four percent in the Federal Republic) as the anchor currency.

Yet, France had to pay a high price for the policy of the “hard” franc: Unemployment in the country rose to almost twelve percent. During the summer of 1993, this unleashed renewed and now more severe speculation against the franc. When in late July it became clear that parity between the mark and the franc could no longer be maintained, Prime Minister Édouard Balladur asked that Kohl either to bring about a substantial reduction in German interest rates or that the Federal Republic be allowed to leave the exchange-rate mechanism. He hoped that this would reduce the problems of the other countries and at the same time give France the leading role in what would be left of the monetary system. Waigel, Schlesinger, and Tietmeyer sought out the chancellor at his vacation spot on an Austrian lake, the Wolfgangsee; Kohl did not agree to the request.

⁷ Notes by Trichet, 22 Sept. 1992, quoted from Marsh, *Euro*, p. 230. On the following, *ibid.*, pp. 223–235.

⁸ Meeting between Mitterrand and Kohl, 22 Sept. 1992, French protocol, *ibid.*, p. 227.

In the end, France thus had to be satisfied with an increase in the bandwidths of the exchange-rate mechanism, Kohl accepting that the fluctuations would be expanded from the then-current 2.25 percent to nothing less than fifteen percent. A decision in accordance with this was made by the finance ministers and central bank governors during the night of 1 to 2 August. Only the Netherlands and Germany agreed to retain the limit of 2.25 percent between themselves.⁹

A formal devaluation of the franc was thereby averted once again, and speculation was contained. Speculators witnessed the loss of the profits they had anticipated from a devaluation of the French currency. Henceforth, they had to reckon with much higher risks as to exchange rates, which noticeably reduced their inclination to speculate against individual currencies. At the same time, however, the stability goal of the treaty on monetary union had been loosened. If the countries whose currencies had become the target of speculators were now to lower their interest rates and increase their money supply so as to spur growth and reduce unemployment, the realization of the Maastricht Treaty would recede unreachably far away.

It was of decisive importance for the fate of the project of monetary union that Balladur—whom Mitterrand had named as head of a conservative government after the electoral defeat of the Socialists in late March of 1993—refrained from doing that. The hard-currency countries among the EMS members under attack—Belgium, Denmark, and Ireland—followed his example. As a consequence, the exchange rates of their currencies *vis-à-vis* the mark quickly recovered; and with the exception of the franc, they once again moved mostly within the old, narrow bandwidths. The mark could thus retain its status as anchor currency, and it was ideally protected from speculation on the path toward the community currency.

In order to calm the German public, which was plagued with growing anxiety about inflation, Kohl insisted during a meeting of the European Council on 29 October 1993 that Frankfurt am Main, home to the *Bundesbank*, should be chosen as the seat of the European Monetary Institute. This was to demonstrate to the Germans that the future European Central Bank would be just as independent and just as much focused on stability as the *Bundesbank*.¹⁰ The Monetary Institute took up its work with the transition to the second phase of the monetary union on 1 January 1994, in accordance with the treaty. From late October of 1994, it occupied the former headquarters of the *Bank für Gemeinwirtschaft* in the Frankfurt city center. It initially employed 150 people, coming mostly from the central banks of the member states; the number had grown to six hundred by the

⁹ *Ibid.*, pp. 237–241; Ungerer, *History*, pp. 265–267.

¹⁰ Helmut Kohl, *Erinnerungen 1990–1994*, Munich: Droemer 2007, p. 614; “Schlussfolgerungen des Europäischen Rates vom 29.10.1993 in Brüssel,” in: *Europa-Archiv* 49 (1994), pp. D2–D9.

time of the actual launch of the Community currency at the end of the decade and had reached some 1,400 by 2008.

After Jacques Chirac had been elected to succeed Mitterrand on 7 May 1995, the German government began pushing for further measures to secure the stability goal. In his election campaign against Balladur, Chirac had called for boosting the French economy and had repeatedly attacked the stability course of the *Banque de France*, which had become independent of the government and had been led by Trichet since September of 1993. In the wake of lower receipts due to recession and increased expenditures for the unemployed, the French budget deficit had risen to five percent. In order to counteract that, Theo Waigel had been calling for the conclusion of a “Stability Pact” since early September of 1995. This agreement was to ensure that budget deficits would have an upper limit of three percent of GNP after completion of the monetary union. Countries going beyond that limit would automatically be subject to punishment in the form of fines.

Waigel’s demand found little favor among the advocates of “different” economic policy in France. Nor was there much willingness in the Southern European countries Italy, Spain, Portugal, or Greece to have the Germans keep them from pursuing a policy of economic stimulus. In the end, however, Chirac had to accept that without such security against the threat of inflation, opposition to the actual completion of the monetary union would be too great in Germany. During a meeting with Kohl on 25 October, the chancellor made the concession of promising to speak with *Bundesbank* President Tietmeyer about lowering German interest rates; thereafter, the French president found himself willing to turn away from the course he had been pursuing. In a televised address on 26 October, he took the side of those advocating a strong franc and the Community currency. At the Madrid Council meeting of 15 and 16 December 1995, Kohl was then able to push through a principle commitment to the “Stability Pact.” As he assured Chirac in a chummy way, “I see you and me as a common team for Europe. Your success is also my success.”¹¹

Even in determining the name of the Community currency, the sensitivities of the Germans needed to be taken into account. France wanted to retain the name of the unit of account then in existence, which had been incorporated into the treaty and which was reminiscent of old French silver coins. For Kohl, however, the name “ECU” was completely out of the question—this unit of account had lost almost forty percent of its value *vis-à-vis* the most stable currencies that were part of its composition owing to the many devaluations by individual member states over the sixteen years of its existence. At a Brussels Council meeting there occurred a debate of considerable length. John Major proposed the name

11 Jacques Chirac, *Le temps présidentiel. Mémoires 2*, Paris: Pocket, 2011, pp. 90ff.

“Gulden,” which had once been used in English Aquitaine. Helmut Kohl signaled his willingness to accept the name “Franken,” which evoked the stable Swiss currency and which also would allow the French to retain the name of their existing currency. That was not acceptable to Filipe González however given that it would conjure up memories of Franco’s dictatorship. The Spanish prime minister therefore finally suggested that the new currency simply be named the “Euro.” This met with broad agreement. Chirac, who would gladly have stayed with the “ECU,” had to accede.

In light of the then-current size of the budget deficits—even the Federal Republic had a deficit of 3.5 percent in 1995 due to the recession—it had in the meantime become clear that there was no prospect of allowing the monetary union to begin on 1 January 1997. In Madrid, the Council therefore definitively set 1 January 1999 as the date; and in accordance with a “Green Book” of the European Commission, it decided on the procedure that would lead to determining which countries would be members of the monetary union. In early 1998, the Commission was to ascertain which member countries in the base year 1997 had met the entry criteria; on this basis, the European Council was to make a decision in the spring of 1998 as to the composition of the monetary union. The European Monetary Institute would accordingly be transformed into the European Central Bank, and the exchange rates of the currencies *vis-à-vis* the Community currency were to be definitively set. The members of the monetary union were to have the possibility of allowing some time to pass before the new banknotes and coins were introduced. No later than 1 January 2002, however, the Euro was to be in circulation; on 1 July 2002, the banknotes and coins of the previous currencies would no longer be legal tender.¹²

As Kohl had foreseen in the negotiations over the Maastricht Treaty, the decisions made at the Madrid Council meeting gave a strong impulse to improving national budgets. Heavily indebted countries such as Italy (with a budget deficit of 6.7 percent in 1996), Spain (6.6 percent in 1995), and Greece (14.1 percent in 1994) also wanted to participate in the introduction of the Euro—in part for reasons of prestige but above all because of the lure of lower interest rates with which they could finance the modernization of their economies. Without participating in the monetary union, there was a danger of languishing in second place indefinitely. Chirac therefore held to his new austerity course despite a wave of strikes in December of 1995 that paralyzed France for four weeks. In Italy and Spain, new heads of government came on the scene with drastic austerity programs (Romano

¹² “Schlussfolgerungen des Europäischen Rates in Madrid 15./16. Dezember 1995,” in: *Internationale Politik* 6/1996, pp. 81–86; on this and the following, Ungerer, *History*, pp. 272–292; Gerbet, *Construction*, pp. 432–445.

Prodi as the candidate of the left and the conservative José Maria Aznar, respectively). After the resignation of Andreas Papandreou in January of 1996 due to health reasons, Kostas Simitis, an economic modernizer, asserted himself as new Prime Minister of the PASOK government in Greece.

The efforts toward budget rehabilitation were assisted by two developments that were not necessarily to be expected: First, the US dollar gained value again from the middle of 1995 onward. This made European and especially German exports less expensive and helped the economies recover. Second, the *Bundesbank* began to understand that continuing devaluations in the Community countries threatened German exports to an extent that was no longer reconcilable with maintaining the current German level of production: Otmar Issing, chief economist of the *Bundesbank*, stated at a conference in November of 2007, “I and others came to the conclusion that the Common Market would not withstand another such monetary crisis [like that of 1992–93].”¹³ As a consequence, the guardians of the German currency found themselves willing to accept reductions in interest rates in 1996 to an extent that they had hitherto always rejected. The discount rate was lowered to 2.5 percent, the Lombard rate to 4.5 percent. The cost of borrowing consequently fell not only for German companies but for their European neighbors as well. At the same time, the cost of debt service decreased, and that in turn contributed to the reduction in budget deficits.

In order to satisfy the requirement of two years’ membership in the European exchange-rate mechanism, Prodi pushed through the re-entry of Italy at the last minute, on 4 December 1996. The markets thereupon began to adjust to the idea of the country’s participation in the monetary union, and interest rates in all of Europe plateaued at the German level. More and more, the financial markets came to assume that the monetary union, despite all difficulties, would begin punctually and with a relatively large membership. Only in Great Britain was there no perceptible willingness to re-enter the exchange-rate mechanism: Free floating and the abandonment of the German interest-rate level had promoted economic growth to such a degree that a return to the discipline of the EMS was no longer seen as a necessity. Tony Blair, who had succeeded John Major after a landslide victory of the Labour Party on 1 May 1997, had new Chancellor of Exchequer Gordon Brown declare that the time for British participation in the monetary union had not yet come.

Despite all the efforts, it nevertheless remained questionable as to whether the Southern European countries along with France and Germany would actually achieve a curtailment of new debt to three percent in the reference year 1997. Consequently, more and more voices also began calling for the recession to be

¹³ Quoted in Marsh, *Euro*, p. 253.

taken into account when budget stability was measured; and the same voices began arguing the case for assessing the “trend” in budget development too. In France, Socialist party leader Lionel Jospin won early parliamentary elections on 25 May and 1 June 1997 with the slogan that the fight against unemployment must take precedence over a pinpoint introduction of the euro. Having been appointed prime minister by Chirac, Jospin refused to sign the Stability Pact in its existing form; signing of the document had been envisioned for the Council meeting in Amsterdam on 16 and 17 June.

For their part, however, the German government and the *Bundesbank* categorically rejected all attempts to weaken the Maastricht criteria or modify the Stability Pact. So often and so doggedly did Waigel repeat his insistence on exact adherence to the upper limit for budget deficits that his forcefully-Bavarian formulated “dreikommanull” (“three point zero”) for a time became a German catchphrase in the French press. Passage of the Stability Pact at the Amsterdam Council meeting was only saved when the heads of state and of government—taking up a mediation proposal from Commission President Delors—simultaneously issued a decision by which the coordination of national economic policy in accordance with Articles 102 and 103 of the Maastricht Treaty be extended to social policy, employment policy, and structural reform. Moreover, a special summit for combating unemployment was promised. This took place on 21 and 22 November 1997 in Luxembourg and led to the coordination of national employment strategies with support of the European Investment Bank.

Regarding the Stability Pact itself—now dubbed the “Stability and Growth Pact” following a demand by Chirac—Kohl and Waigel had already had to accept reductions to their vision at a turbulent Council meeting in Dublin on 13 and 14 December 1996. Instead of automatic sanctions, there were to be decisions made by the Council of Ministers on sanctions. Beyond this, the possibility of “extraordinary circumstances” was acknowledged, under which sanctions could be set aside. At a Council of Ministers meeting on 7 July 1997, it was agreed that a recession amounting to two percent of GNP would be regarded as an extraordinary circumstance. In cases of a recession falling between two and .75 percent, the Commission was to provide recommendations regarding sanctions. Violating the upper limit of the budget deficit in the event of a recession amounting to less than .75 percent was to warrant sanctions in every case. For each percentage point by which a country went over the permissible deficit limit, funds equal to .25 percent of GNP were to be deposited with the Commission. The depositing country would lose the sum if the impermissible deficit were not eliminated after two years.

The Amsterdam Council meeting also regulated the relationship between countries that would be included in the introduction of the Community currency and those that could not or would not be: For the latter countries, the European

Monetary System with a bandwidth of plus/minus fifteen percent would continue to be valid. Britain clearly saw no reason in any of this to return to the exchange-rate mechanism. Sweden, which in the meantime had joined the Maastricht Treaty, announced that it wanted to hold off on entry into the monetary union. Denmark however accepted the new regulations and even officially returned to the old fluctuation range of plus/minus 2.25 percent.

The governments interested in participating in the monetary union from the beginning then helped a bit more with short-term stability measures and with more or less creative bookkeeping. Jospin's government followed through with the hike in the value-added tax that had been decided by its conservative predecessor; it also raised the business tax and the increment value tax. The Prodi government undertook sharp cuts in social welfare benefits and decided on a temporary tax hike that two years later was to be refunded at sixty percent. Even the Kohl government incorporated proceeds from privatizations and surpluses in health insurance and old-age pensions into its calculations of the German budget deficit. In the assessment undertaken in the autumn of 1997, the Commission was thus able to determine that all candidates would in fact satisfy the entry criteria. Only Greece, with a current budget deficit of over four percent would need to remain outside the Eurozone. The criterion of total indebtedness of not more than sixty percent—which especially threatened to disqualify Italy and Belgium—was disregarded. Here, the Commission argued with strong political plausibility that progress in debt reduction had been made by all candidates without exception.

The publication of the evaluations by the Commission on 14 October 1997 caused much surprise. A few months earlier, hardly anyone had expected that nearly all members of the monetary system would qualify for the transition to the third stage. Worries about monetary stability and opposition to social welfare cuts after a “summer of uncertainty” thus dwindled, and the implementation of the decisions on the transition could everywhere be carried out in a climate of secure majorities. On 25 March 1998, the Commission and the European Monetary Institute officially announced that eleven countries had met the conditions for entry on 1 January 1999: Germany, France, Belgium, the Netherlands, Luxembourg, Italy, Spain, Portugal, and Ireland as well as new members Austria and Finland. On 2 May 1998, the heads of state and of government issued a decision on the start of the monetary union. In order to forestall speculation at the last minute, it was agreed that the bilateral exchange rates of the currencies to be unified would not be changed up to the end of the transition period.¹⁴

The decision to create a monetary union with eleven members was overshadowed by wrangling over the appointment to the governorship of the European

14 *Agence Europe*, Special issue, 3 May 1998.

Central Bank. The former Dutch Central Bank Governor Wim Duisenberg was in fact envisioned for the post; he had assumed the office of president of the European Monetary Institute on 1 July 1997 only after more or less clear assurances that he would also remain at its head after it had been expanded to become the European Central Bank. The new French government however was of the opinion that the office should be held by a French person, and Chirac concurred. On 4 November 1997, Chirac and Jospin jointly presented Jean-Claude Trichet as their candidate. Tietmeyer and Waigel blocked compromise proposals by which the term would be divided between Duisenberg and Trichet. The struggle over the two candidates stretched into the night of 2–3 May 1998. In the end, it was decided that Duisenberg should receive the appointment but at the same time he was asked not to serve the entire eight-year term due to age; after his resignation, Trichet would succeed him.

This compromise was not at all well received. Duisenberg raised eyebrows in hard-currency countries with his declaration that he had “freely chosen not to serve the whole eight years.” When four days later he explained to the European Parliament that he could ultimately remain in office for the whole eight years, the French felt that they had been duped.¹⁵ It was in fact the case that the advocates of a strong Community currency had once again prevailed. In the Federal Republic, however, that was not clearly perceived. Kohl faced criticism for the slightly-absurd Brussels decision. It is difficult to know if this contributed to his electoral defeat on 27 September 1998. What is certain is only that, despite earlier assurances to his wife and to Wolfgang Schäuble (who wanted to succeed him), Kohl once again stood for election not least of all because he feared that the introduction of the euro could fail without him.¹⁶

That did not happen, however. Kohl’s successor Gerhard Schröder had once in an interview with the *Bild-Zeitung* characterized the new currency as a “sickly premature birth” that would increase unemployment in Germany;¹⁷ after his election to the chancellorship, however, he emphasized the opportunities that a weaker Community currency offered to German exports. Duisenberg welded the heterogeneous ECB Council into a collegial body that was wholly committed to the goal of price stability. In October of 1998, the new guardians of the currency agreed to a target of holding the increase in consumer prices to just under two percent over the medium term—exactly as the *Bundesbank* had always practiced. Aided by a continuing economic recovery and historically-low inflation rates, the

¹⁵ Marsh, *Euro*, p. 273; Schwarz, *Kohl*, pp. 813–815.

¹⁶ Heribert Schwan, *Die Frau an seiner Seite. Leben und Leiden der Hannelore Kohl*, Munich: Heyne, 2011, pp. 242ff.

¹⁷ *Bild-Zeitung*, 26 March 1998.

transition to the Community currency took place in a relatively-relaxed atmosphere. In December of 2001, the citizens of the Eurozone were able to receive the first common coins and bank notes; and these could then be put to use beginning on 1 January 2002.

Among those citizens were the Greeks. Nothing less than a national trauma had been unleashed by the determination that Greece was the only willing country that had failed—just barely—to meet the entry criteria. The Simitis government had stepped up its reform efforts once again at least in order to be able to join in when Euro cash was introduced. In December of 1999, it announced that the convergence criteria had been achieved; in June of 2000, this finding was confirmed by the Council of Economic and Finance Ministers. Doubts as to the soundness of the Greek figures (which would be confirmed four years later by the conservative successor government) were overshadowed by the concern about fundamentally endangering Simitis' modernization program if the country were to be rejected again. According to the decision of the Ecofin Council, Greek entry into the monetary union could occur on 1 January 2001, that is, still with time enough to prepare for the general introduction of Euro cash.¹⁸

The Northern Expansion

Parallel to the contention over ratification of the Maastricht Treaties and the implementation of the monetary union, the Council of Ministers and the Commission were negotiating on the accession of countries that up to that point had been hindered from becoming members of the European Union due to their neutral status in the East-West conflict. After the EEC entry of Britain, Ireland, and Denmark in 1972–73, Austria, Switzerland, Liechtenstein, Sweden, and Finland had—along with the remaining EFTA countries Iceland, Portugal, and Norway—completed bilateral tariff and trade treaties with the Community. These amounted to the incremental establishment of free-trade zones for the commercial and industrial sectors but provided for only limited liberalization for the agricultural sector. The Danish government, with its special interest in the dismantling of limitations on trade with its northern neighbors, had in 1982 taken the initiative for a further *rapprochement* between the EC and EFTA. In 1984, this had resulted in an agreement for creating a “unified European Economic Area”

¹⁸ Wilfried Loth, “Kreativ, vor allem in Buchführung. Wie Athen in die Eurozone gelangte und Berlin seinen Widerstand aufgab,” in: *Frankfurter Allgemeine Sonntagszeitung*, 18 Sept. 2011.

(EEA) that was to be characterized by further dismantling of protectionism and expansion of economic cooperation.¹⁹

The agreement was signed on 9 April 1984 in Luxembourg, but implementation did not occur. On the EC side, there was too much fear of disrupting the internal-market program, while on the EFTA side there was a too-categorical rejection of supranational elements. In formal negotiations that began in June of 1990, the EC Commission on the one hand demanded complete adoption of all regulations of the internal market, while on the other hand rejecting the creation of common decision-making mechanisms. In the Agreement on the European Economic Area signed on 2 May 1992 in Porto, the EFTA countries had to content themselves with specified transition deadlines for sensitive individual economic areas. Liberalization in the agricultural and fishing sectors was left to future bilateral talks. Beyond that, the EFTA countries had to participate in the Cohesion Fund for structurally-weak EC regions; in the transit agreement, Switzerland and Austria had to concede the passage of increased truck traffic through Alpine passes.

It was not least of all for this reason that the Agreement on the EEA was rejected by a very small majority of 50.3 percent of the Swiss people in a referendum of 6 December 1992. The agreement went into effect on 1 January 1994 after the remaining EFTA countries had committed themselves in an additional adaption protocol to paying some seventy-eight percent of the Swiss portion of the Cohesion Fund.²⁰

In the meantime, five of the seven remaining EFTA countries—Portugal of course having joined the Community on 1 January 1986—had already submitted applications for full membership in the EC. The first to do so was Austria on 17 July 1989. Sweden followed suit on 1 July 1991 after Prime Minister Ingvar Carlsson had held conversations with his fellow Socialists Felipe González in Spain and Franz Vranitzky in Austria. The Finnish government submitted its application for membership on 18 March 1992, the Swiss on 26 March 1992, and the Norwegians initiated their second application on 25 November 1992. If they would have to adopt the regulations of the internal market anyway so as not to face discrimination in economic exchanges with their most important trading partners, the governments of all these countries wanted to be able to participate in decision-making on an equal footing. After the Swedish government had submitted

¹⁹ Waldemar Hummer, “Annäherung zwischen EG und EFTA-Staaten: Außen-, Neutralitäts- und Wirtschaftspolitische Problemfelder,” in: Fritz Schwind (ed.), *Österreichs Weg in die EG – Beiträge zur europäischen Rechtsentwicklung*, Vienna: OAW Verlag, 1991, pp. 7–52.

²⁰ Thomas Pedersen, *European Union and the EFTA Countries. Enlargement and Integration*, London, 1994, pp. 33–78; Michael Gehler, *Vom Marshall-Plan bis zur EU. Österreich und die europäische Integration von 1945 bis zur Gegenwart*, Innsbruck: Studienverlag, 2006, pp. 201–203.

its application, the remaining governments additionally became fearful of losing out on the opportunity of increasing their competitiveness.

Among those countries that had been neutral up to this point, there was moreover the necessity of repositioning themselves after the elimination of the East-West division of the European continent. In its application, the Austrian government under Chancellor Franz Vranitzky had emphasized the need to hold fast to the Austrian commitment to neutrality, which raised some eyebrows in Brussels and in Paris too. In the Swedish application that came two years later, there were merely reservations as to participating in Common Foreign and Security Policy (CFSP). The Finnish government even made assurances that it wanted to constructively take part in CFSP, which had in the meantime been secured in the Maastricht Treaty. Now having been freed from the commitments of the Finno-Soviet Treaty, Helsinki was seeking protection against turbulence in neighboring Russia.²¹

It was not only in Copenhagen that the EFTA countries' applications for entry were welcomed. In Bonn and London too, the prospect of opening new markets was appealing. John Major also saw an opportunity to water down the supranational dimension of the Community that had just been strengthened in Maastricht. Conversely, in Paris and Brussels, there were fears for the EU's ability to act if the number of members were to grow so quickly from twelve to seventeen. Delors therefore undertook efforts to revise the decision for the pillar structure of the Treaty on European Union. In a paper that he wanted to present to the European Council in Lisbon in late June of 1992, he advocated for a new institutional model to be developed parallel to the upcoming entry negotiations and for new members to be required to accept it along with the *acquis communautaire*.

The surprising Danish “no” to the Maastricht Treaties in the referendum of 2 June rendered this initiative void. Now, even some of the Commission members no longer saw it as opportune to push the supranational dimension of the treaties. The Commission also issued a warning about assuring the EU's ability to function and reducing the democratic deficit. Nevertheless, as Delors complained, “the members of the European Council dismissed our concerns with a wave of the hand without according them the requisite attention.”²² The Commission was instructed “to accelerate the necessary preparatory work” in order to achieve a “speedy conclusion to negotiations” with the EFTA countries that were seeking admission. Before the opening of accession negotiations, it was the case that only the ratification process of the Maastricht Treaties was to be completed and that

²¹ *Ibid.*, pp. 167–199; Maria Gussarsson, “Combining dependence with distance: Sweden,” in: Kaiser and Elvert (eds.), *Enlargement*, pp. 170–188; Hanna Ojanen, “If in ‘Europe’, then in its ‘Core’? Finland,” *ibid.*, pp. 150–169.

²² Delors, *Erinnerungen*, p. 431.

the budgetary framework planning of the “Delors II Package” for the years 1993 to 1999 be passed.²³

The latter was achieved at the Council meeting in Edinburgh on 11 and 12 December 1992. Delors was not able to win the sought-after expansion of the Community’s budget volume from 1.20 percent of GNP to 1.37 percent by 1997, but an expansion to 1.27 percent to 1999 was approved. Any increase in the agricultural budget was halted in accordance with a reform decision of 21 May 1992 that foresaw the reduction of guarantee prices as well as quantitative caps along with premiums for shutdowns. Also, a “monetary reserve” was stricken by which a weak dollar’s negative effects on the competitiveness of agricultural exports were to be compensated. At the same time, the Council was able to raise expenditures for the Regional Fund by seventy-two percent; and with great skill, González was able to push through a proposal whereby the new Cohesion Fund would be accorded a more or less reasonable amount of fifteen billion ECUs. Only on the issue of increasing the research budget did Delors suffer a bitter disappointment.

Mitterrand’s second precondition for the opening of accession negotiations—completion of the ratification process—was dropped at this Council meeting. Under pressure from Kohl, the French president now also agreed to the demand that negotiations start right at the beginning of the next year so that entry could take place on 1 January 1995. The German chancellor was convinced that offense would be the best defense in stanching the growing weariness with Europe that had shown itself during the ratification debates. Institutional reforms that Delors had regarded as necessary were put off until negotiations on a revision of the Maastricht Treaty, which were envisioned for 1996.²⁴

Talks with Austria, Sweden, and Finland began on 1 February 1993 and with Norway on 5 April. For Switzerland, however, the Commission did not prepare any negotiation package. After the rejection of the EEA Agreement in the referendum of December 1992, the Swiss application was no longer regarded as current, even though it had not officially been withdrawn. Given that large portions of the items for negotiation had already been dealt with as part of the EEA talks, progress was rapidly made. Sweden, like Britain and Denmark, wanted the right to say “no” to the transition to the third stage of the monetary union; this was categorically rejected. The reservations shown by Austria and Sweden regarding Common foreign and security policy were dispelled by assurances that active,

²³ “Schlussfolgerungen des Vorsitzes des Europäischen Rates vom 26./27.6.1992,” *Jahrbuch der Europäischen Integration 1992/93*, pp. 408–433.

²⁴ “Schlussfolgerungen des Vorsitzes des Europäischen Rates vom 11./12.12.1992,” *ibid.*, pp. 439–478.

solidarity-focused participation in these policies would be very much compatible with the principles of non-alignment.

Aside from this, the candidates pressed to participate in regional promotion and to receive generous exceptional and transitional regulations for agriculture and fishing. After tough resistance, this was largely conceded at the last minute. With British and German support, Delors succeeded in crafting compromises in February and March of 1994 that accommodated the interests of the applicants. Austria was able to negotiate a certain prolongation of the limits on traffic transiting the country as well as equalization payments for agriculture; Sweden was able to win higher levels of support for its agriculture; Finland got Community assistance for some eighty-five percent of its territory; and Norway obtained the continuation of exclusive fishing rights north of the 62nd parallel for three years. On balance, these exceptional regulations meant that the new members would become net payers into the Community in 1998 for the first time.²⁵

There were significant tensions at the close of negotiations on the future weighting of votes in the Council of Ministers. Whereas the issue of representation of the new members in the Commission and in Parliament was resolved simply by expanding the number of seats, the British and Spanish governments refused to accept any increase in the number of votes needed to block a decision by qualified majority in the Council. The British were motivated by a desire to render majority decision-making more difficult, whereas the Spaniards feared a permanent ascendancy of the “northern countries” at the expense of the south. At a meeting of the foreign ministers in the northern Greek city of Ioannina on 24 March 1994, it was agreed that the number needed for a minority block would indeed be raised from twenty-three to twenty-seven. However, when reaching a quorum of at least twenty-three votes, it was to be the case that “everything [would be] attempted” to win over four more votes for a majority solution in “an appropriate timeframe.” In vain, the Commission called attention to the fact that this self-commitment had no legal weight given that it was not specified in a treaty. In fact, it became more complicated to reach decisions in the Council due to this “Ioannina Formula.”

The European Parliament viewed this all the more critically as its demand that before the Community expanded to accept new members, there be negotiations on improving the functioning of the Union was disregarded, just as the warnings of the Commission had been. When after the initialing of the accession treaties on 30 March 1994 the Council of Ministers submitted the applications to Parliament for approval (as had been foreseen ever since the Single European Act had taken

²⁵ Francisco Granelli, “The European Union’s Enlargement Negotiations with Austria, Finland, Norway and Sweden,” in: *Journal of Common Market Studies* 1/1995, pp. 117–141; Delors, *Erinnerungen*, pp. 463ff.; Gehler, *Vom Marshallplan*, pp. 210–225.

effect), there was thus much unwillingness among the MEPs to take up the matter in the current legislative period. The governments feared however that if a decision had to wait until new parliamentary elections in June, there would not be sufficient time for ratification before the end of the year. The governments therefore put great pressure on the deputies, many of whom had to fear for their re-nomination. In a letter to the chairs of all factions in Parliament, Kohl promised to start a work group to prepare institutional reforms in which Parliament would participate along with representatives of the countries and the Commission. Whole delegations of ministers from the candidate countries implored the deputies not to stir up opposition to the entry applications in their countries via an attitude of refusal.

This multifaceted pressure brought results: On 4 May, a majority of 305 to 150 MEPs (with thirteen abstentions) voted against a bill by Claude Cheysson and others to defer the accession treaties. The treaties themselves were then passed with still greater majorities. On 25 June, they were signed at the meeting of the European Council on the island of Corfu.

In the ratification debates that began immediately thereafter in all four countries, it became clear that entry implied a clear step into globalized modernity. In regions that lived largely from agriculture or fishing, fear of this step predominated, whereas in cities there was often passionate promotion of entry. Those on the left who were conscious of tradition as well as environmentalists often spoke out against it. In Austria, where a referendum occurred at an early date (12 June) there was a clear majority of 66.4 percent in favor. In Finland too, where a referendum was held on 16 October, there was unambiguous approval by a margin of 56.9 percent. Conversely, only a slim majority of 52.2 percent approved Swedish entry on 13 November. In Norway, where a referendum was held on 28 November, a similarly slim majority of 52.2 percent rejected entry; the dynamic coming from the entry decisions of neighboring countries had not been sufficient to overcome the persistent opposition in the north of the country this time either.

On 1 January 1995, it was thus only Austria, Finland, and Sweden that entered the European Union. The Europe of the Twelve had now become the Europe of the Fifteen. Norway remained in a less comfortable European economic sphere, much to the regret of its industry and urban population in the south. So too Iceland, which in order to protect its fishing grounds from the fleets of EU states had not even presented an application for membership. Conversely, Liechtenstein had not applied after the rejection of the EEA Treaty by neighboring Switzerland. The membership numbers of the institutions were once again revised after Norway failed to enter: Now, only three additional votes rather than four were required for a qualified majority according to the Ioannina Formula.²⁶

26 Gerbet, *Construction*, pp. 413–416.

With the new members, it was possible to continue the course of deepening the EU and making it more substantial overall. Austria experienced a boost in economic internationalization and a rise in productivity, which served to maintain the high approval rating seen in the referendum on entry but which also brought more support to the xenophobic rightwing populism of Jörg Haider. In terms of integration policy, the government was above all engaged in deepening economic integration; it also thereby contributed to the realization of the monetary union on a broad basis. Finland too participated energetically in the establishment of the monetary union. Moreover, Finnish European policy was engaged in the expansion of Common foreign and security policy; it also consistently contributed to the strengthening of European organs. In contrast, Sweden remained aloof from the supranational perspective of the EU and therefore did not participate in the transition to the monetary union. Sweden was however thoroughly engaged in the Common foreign and security policy and also spoke out for eastward expansion of the Union as quickly as possible.

The Way to Amsterdam

The difficulties in which the Maastricht Treaties found themselves after the Danish referendum of 2 June 1992 led the heads of state and of government to extend the mandate of Jacques Delors for two additional years, up to the turn of the year 1994–95. The experience he had in the meantime gained would help not only in steering clear of the rocks that threatened the ratification of the treaties but also in carrying out the upcoming enlargement with the EFTA countries in such a manner that the precarious consensus that underlay the conclusion of the treaties would not be shattered. The European Council in Lisbon on 26 and 27 June 1992 therefore confirmed the extension of Delors' term for two more years.

Delors made use of the additional period in office to initiate a project that had engaged him more and more since the Danish referendum: improving the competitiveness of the European Union in global terms. He saw with concern that the economies of the US and of Far Eastern countries were growing faster than those in Europe and that unemployment in the countries of the Union was at a high level and continuing to increase, whereas it was much lower in the US and the Far East. As he explained to the heads of state and of government at the Copenhagen Council meeting of 21 and 22 June 1993, the unemployment rate in the Community had gone from two percent before the oil crisis of 1973–74 to an average of seventeen percent. Fewer than sixty percent of the working-age population actually held a job. In the US, the figure was approximately seventy percent and more than seventy-five percent in Japan. Not without some justification, Delors saw in

this one of the reasons for the growing opposition to deepening the integration process as well as a threat to the stability of the democratic order *per se*.

With support from the Forward Studies Unit (“Cellule de prospective”), which he had established within the Commission in 1989, he therefore developed a plan for securing competitiveness and employment on a European level. He found support for this from Kohl and Mitterrand as well as the Danish Council presidency of the first half of 1993. He was thus able to have the European Council in Copenhagen charge the Commission with drafting a “White Paper on Growth, Competitiveness, and Employment.” Presented to the European Council in Brussels on 10 and 11 December 1993, this document emphatically portrayed once again the structural problems in European economies and called for quite varied measures: Firstly, it advocated more flexibility in the job market, part-time work, and division of jobs on the company level, better job-placement services, and continual upgrading of worker qualifications. Secondly, it envisioned massive investment in the expansion of efficient transportation networks, energy supply, and telecommunications across Europe. Thirdly, the introduction and spread of new information technologies were to be promoted; and fourthly, it urged additional efforts in the promotion of research once again.²⁷

According to the white paper, the amount of money needed for the necessary infrastructure initiatives totaled some 120 billion ECUs spread over the subsequent six years, that is, twenty billion per year. Five billion of this was to come annually from the Community budget, seven billion from the European Investment Bank, and the remaining eight billion from Community bond issues, the so-called “Union bonds.” It was exactly here that the Achilles’ heel of the plan was to be found: Although the heads of state and of government approved the white paper in principle, neither John Major nor Helmut Kohl nor Ruud Lubbers would hear of new Community bond issues—the Briton taking this position on principle, the German and the Dutchman doing so with an eye toward the stability goal of the monetary union. At the Brussels Council meeting, there was thus only a decision to create two work groups—on the question of networks and on information technologies—which were to report initially to the Council of the Finance Ministers.

One year later, at the Council meeting of 9 and 10 December 1994 in Essen, it was nonetheless possible to approve a list of priorities for the expansion of transportation infrastructure that encompassed fourteen different major projects. However only three billion Ecus from the Union were available to finance them; thirteen billion was contributed by the member states. In regard to the IT

²⁷ “The White Paper on Growth, Competitiveness and Employment. The Challenges and Ways Forward into the 21st century.” COM (93) 700 final, Brussels, 1993.

revolution, the heads of state and of government saw their task as primarily one of creating the necessary legal and economic parameters. Beyond this, the white paper essentially aided in initiating and coordinating *national* employment policies, about which there were regular reports at the level of the European Union. Delors' initiative therefore did not bring about a great leap into the leading position in global economic competition as he had envisioned. It did however contribute to having the economic policies of the Union face up to the challenges of globalization, even before the concept became fashionable, and also to having those economic policies become more strongly harmonized.²⁸

The launch of the White Paper on Growth, Competitiveness, and Employment also served to increase once again Delors' reputation and political weight at the end of his term in office, both of which had suffered due to his high-handed behavior when the Maastricht Treaties were being worked out. Several heads of government therefore asked that he serve another term. His time in office had already been extended beyond eight years, however; and Delors had stated that this would be his last term. Moreover, Mitterrand had now categorically determined that "It's enough."²⁹ It is possible that he was thinking that the Commission president, who had in the meantime become quite popular in France too, should be won over as his successor in the French presidency. For his part, Delors certainly did not go in for that proposition. He was now sixty-nine years old and had repeatedly suffered from sciatica; the French presidency seemed to him too grueling and the prospects of winning it too uncertain as well. After maintaining a low profile for several months, he announced in early December of 1984 that he was not willing to be a candidate for the office.

Dutch Prime Minister Ruud Lubbers was initially suggested as Delors' successor in the office of Commission president. However, neither Kohl nor Mitterrand was willing to accept that—the chancellor because the Christian Democrat Lubbers had all too clearly sided with those wanting to slow down the process of German unification and the French president because he was convinced that Lubbers had steered the Maastricht Summit all too much to the benefit of the British. Consequently, the two presented a competing candidate at the Council meeting on Corfu on 24 and 25 June: Belgian Prime Minister Jean-Luc Dehaene, likewise a Christian Democrat. With both candidates having their foreign ministers represent them, the Council gave eight votes to Dehaene and four to Lubbers. As president of the Council, Papandreu then wanted to push through the candidacy of Dehaene. However, he ran into fierce opposition from Major, whose slogan was that there should be no second Delors and who rejected Dehaene as

²⁸ Endo, *Delors*, pp. 191–206; Drake, *Delors*, pp. 113–143; Delors, *Erinnerungen*, pp. 465–479.

²⁹ *Ibid.*, p. 454.

“too federalist.” In the end, the decision on the nomination of the next Commission president had to be deferred—to a special meeting of the European Council set for 15 July in Brussels.³⁰

After returning from Corfu, Kohl reached an agreement with Major, Mitterrand, and new Italian Prime Minister Silvio Berlusconi that Luxembourg Prime Minister Jacques Santer be the common candidate. Santer too was a Christian Democrat and from his whole political socialization no less federalist in orientation than Dehaene. Since 1987, he had been chairman of the European Peoples Party and had been in close contact with Kohl. This may have been unknown to Major, or perhaps he felt it sufficient to have demonstrated his toughness to the British public at least once. Santer hesitated somewhat to take up the post given that Luxembourg’s voters had just confirmed him for a second term as prime minister. Only after Kohl explained to him that he was the only candidate who could find all-round acceptance did he agree. On 15 July, he was unanimously nominated by the Council. The office of prime minister of Luxembourg was assumed by Foreign Minister Jean-Claude Juncker.

As a compromise candidate, it was difficult for Santer to garner authority. The newly-elected European Parliament confirmed him on 21 July by a margin of only 260 to 238, with twenty-three abstentions. The mistrust that was expressed in those results stemmed less from the person of Santer than from the process by which he had come to office. Santer however understood how to apportion responsibility in the new Commission such that effective cooperation among the now-twenty commissioners was assured. Parliament honored this in that it approved the Commission as a whole on 18 January 1995 by a margin of 416 to 103, with fifty-nine abstentions. In regard to further implementation of the Internal Market, the transition to the monetary union, as well as engagement for growth and employment, the Santer Commission continued the course charted by Delors.

Conversely, in regard to the strengthening of European institutions, the new Commission did not evince the strong profile that had characterized Delors. Santer initially had to concern himself with building consensus in the heterogeneous Commission. This did not allow him any opportunity to make a mark personally as an advocate of effective government in the Union. He left the representation of the Commission within the Reflection Group, which was to prepare the revision of the Maastricht Treaty, to former Spanish Foreign Minister and General Secretary of the European Council Marcelino Oreja.

30 *Ibid.*, p. 480; Michael Gehler, “Jacques Santer (1995–1999): President of the Commission in times of transition,” in: Jan van der Harst and Gerrit Voerman (eds.), *An Impossible Job? - The Presidents of the European Commission, 1958–2014*, London: John Harper Publishing, 2015, pp. 197–222.

The Reflection Group was established by the European Council in Corfu in accordance with Kohl's promise to the faction leaders in the European Parliament. Mitterrand's former European advisor Élisabeth Guigou and the German Christian Democrat Elmar Brok represented Parliament in the body. Together with the representative of the Commission president, they saw to it that the report the group presented on 5 December 1995 under the chairmanship of former Spanish Foreign Office State Secretary Carlos Westendorp actually did list the problems of the Maastricht construct: The inadequacy and lack of coherence of the second and third pillars as well as the extraordinary complexity of the decision-making process. The report offered a three-part objective for treaty revision: To bring Europe closer to the citizens, to strengthen the Union's ability to act in the wider world, and to organize the institutions of the Union so as to be more democratic and more effective—especially with an eye toward the next (and larger) expansion to the east that was coming up.³¹

Discussion of the pending reform was enlivened by a position paper published by the CDU/CSU faction of the German Bundestag on 1 September 1994 under the names of its chairman, Wolfgang Schäuble, and his foreign-policy spokesman, Karl Lamers. In the document, these two German specialists in European policy voiced support for accelerated integration of the Eastern-European countries into the Union as well as development of a common foreign policy and creation of a European defense. Secondly, they called for a stronger focus of the Union on “the model of a federative state structure”: The reform should orient itself on conceptions “according to which the European Parliament incrementally develops into a law-making organ on an equal footing alongside the Council [...] and the Commission takes on characteristics of a European government.” Thirdly, these two German Christian Democrats demanded that the “hard core of countries focused on integration and willing to cooperate” be institutionalized and further solidified. The countries belonging to this core—in the view of the CDU/CSU faction there were only France, Germany, and the Benelux states at that time—should be involved in all projects of increasing integration or cooperation, the other countries only insofar as they were interested and insofar as it was possible for them.³²

31 Bericht der Reflexionsgruppe, Messina 2. Juni 1995 / Brüssel 5. Dezember 1995. Dokument des Generalsekretariats des Rates, Nr. SN 520/1/95/REV 1 (REFLEX 21); excerpts in: Mathias Jopp and Otto Schmuck (eds.), *Die Reform der Europäischen Union. Analysen – Positionen – Dokumente zur Regierungskonferenz 1996/97*, Bonn: Bundeszentrale für politische Bildung, 1996, pp. 107–114.

32 CDU/CSU Fraktion des Deutschen Bundestages, “Überlegungen zur europäischen Politik, 1.9.1994;” published in: *Blätter für deutsche und internationale Politik* 10/1994, pp. 1271–1280.

The Schäuble-Lamers Paper generated manifold criticism. Some rejected the focus on federalism, some bridled at the creation of a hard core, whereas others rejected both. Berlusconi immediately complained to Kohl about the attempt to shove Italy—a founding member—into the ranks of a second-class of less-integrated states. Mitterrand appeared “troubled.” Major polemicized against the attempt to accord individual states a “privileged status.” The intense and sometimes rather muddled debate³³ nevertheless led in the run-up to the government conference on reform of the Maastricht Treaties to agreement between Chirac and Kohl to anchor the principle of selective integration in the Union Treaty; this principle was already being practiced in regard to the Franco-German corps, the abolition of border controls, and the monetary union. On 6 December 1995, they wrote a joint letter to the chairman of the Council, stating that “While preserving the unitary institutional framework of the Union, states that desire it and are in a situation” to do so should have “the opportunity opened to them of developing increased cooperation.”³⁴

The government conference opened with a meeting of the Council of Ministers on 29 March 1996 in Turin. The main work lay with a committee consisting of representatives from among the foreign ministers and the Commission. The representatives of Parliament who had participated in the work of the Reflection Group were not part of this committee; they were however regularly informed as to the progress of the negotiations and could express their opinions on them. Moreover, the president of Parliament could present positions at the monthly meetings of the Council of Ministers and the gatherings of the European Council. Up to the end of 1996, this office was held by German Social Democrat Klaus Hänsch; in accordance with an internally-coordinated agreement of the two largest parliamentary factions, he was succeeded by the Spanish Conservative José-Maria Gil-Robles. With this setup, there was greater openness in the negotiations, though with more contingency in the results.

The draft treaty was ready by 12 June 1997 and was then once again modified and made more precise in some important points at the Amsterdam Council meeting of 16 and 17 June.³⁵ Regarding the introduction of “increased coopera-

33 Cf. Stefan Honecker, “Die Debatte um das ‘Kerneuropa’-Papier der CDU/CSU-Fraktion,” in: Roland Erne, *et al.* (eds.), *Transnationale Demokratie. Impulse für ein demokratisch verfasstes Europa*, Zurich: Realotopia Verlag, 1995, pp. 330–341; Valérie Guérin-Sendelbach, *Frankreich und das vereinigte Deutschland*, Opladen: Leske und Budrich, 1999, pp. 205–220.

34 Jopp and Schmuck, *Reform*, pp. 115–117.

35 On the course of the government conference and the results, Mathias Jopp, Andreas Maurer, and Otto Schmuck (eds.), *Die Europäische Union nach Amsterdam. Analysen und Stellungnahmen zum neuen EU-Vertrag*, Bonn: Europa Union, 1998; Werner Weidenfeld (ed.), *Amsterdam in der Analyse*, Gütersloh: Bertelsmann Stiftung, 1998.

tion,” it was above all the British government that voiced opposition. This resulted in a significant limitation on the possibilities for applying it. In principle, it was only to be possible when more than half of the member states wanted to participate. Only in regard to the third pillar of justice and police cooperation could there be a decision by qualified majority. Its use was not foreseen at all in the realms of foreign and security policy, and in the Community area, a veto right was enshrined against its introduction by majority decision. Furthermore, motions could only be proposed after the Commission had given its approval to them; and they were not allowed to involve areas that lay solely within the responsibility of the Community. This meant that a systematic strengthening of the core of the Union, as the authors of the Schäuble-Lamers Paper had envisioned, was as good as eliminated.

Of immediate practical significance in this context was only that the abolition of border controls within the EU area was a concrete case of increased cooperation that was taken up in the treaty; this had been agreed upon by Kohl and Mitterrand in May of 1984 and had in the meantime been gotten underway via the Schengen Agreement of 14 July 1985 and an implementation agreement of 19 June 1990. The original agreement among France, Germany, Belgium, the Netherlands, and Luxembourg had in the meantime been joined by Italy (1990), Spain (1991), as well as Portugal and Greece (both 1992). Austria joined in 1995, and at the end of 1996 so too did Denmark, Sweden, and Finland. This meant that only the island nations of Britain and Ireland remained outside the Schengen Agreement. Border crossing without checkpoints had been achieved for the core group of Schengen states in March of 1995. It also applied to Austria from 1997 and to the Scandinavian states from 2000.³⁶ Owing to the designation of the Schengen agreements as “increased cooperation,” Community organs became responsible for carrying them out.

In general, a substantial portion of cooperation in the area of “internal affairs and justice” (the so-called third pillar of the Maastricht Treaty) was taken into the Community sphere with the Amsterdam Treaty. It was not only in regard to the lifting of internal borders and common regulation of external borders but also in common regulation of visa issuance, asylum and immigration policy, punishment of organized crime, terrorism, and drug trafficking as well as cooperation in civil law areas that a “space of freedom, security, and law” was to emerge within five years. At the urging of some German states and Austria, all of which

36 Hans-Claudius Taschner, *Schengen. Die Übereinkommen zum Abbau der Personenkontrollen an den Binnengrenzen von EU-Staaten*, Baden-Baden: Nomos, 1997; Andreas Pudlat, “Der lange Weg zum Schengen-Raum: Ein Prozess im Vier-Phasen-Modell,” in: *Journal of European Integration History* 17 (2011), pp. 303–325.

saw themselves confronted to an especially great degree by the flood of immigrants from Eastern Europe, the countries reserved the right of retaining unanimous decision-making on visa issuance even after the expiration of the five-year period.³⁷ In the area of police and judicial cooperation in criminal affairs, which remained in the third pillar, procedures were simplified and agreement was reached on increased participation by the common police authority Europol in criminal investigations within five years.³⁸

Also contributing to the strengthening of the common legal area was the fact that the Council in its constellation of heads of state and of government was given a guardian role in the preservation of the “basic principles of freedom, democracy, and respect for human rights and fundamental freedoms as well as the rule of law.” If it were unanimously determined that a country was impinging on these basic principles (and here the vote of the country in question would not be included), the Council could then by qualified majority decide to suspend “certain rights” of said country indefinitely; the country’s responsibilities would however remain. Respect for the basic principles was also explicitly declared to be a criterion for accepting further candidates for membership. Lastly, the European Court was given authority to monitor adherence to the European Convention on Human Rights in the activities of Community organs. Out of this came a higher level of protection of fundamental rights of EU citizens by the Union.

The desired increase in the Union’s closeness to the citizenry would also serve to strengthen the social responsibilities of the Community. Right after the election victory of the Labour Party on 1 May 1997, new British Prime Minister Tony Blair declared that Great Britain would join the social policy protocol of the Maastricht Treaty. This meant that the agreement on introducing minimum standards in occupational safety, equality between men and women, social security, and collective exercise of workers’ interests—which during the treaty negotiations of 1991 had met with the stubborn opposition of John Major—could be included in the new Community treaty at the last minute. Moreover, a section on employment could be included and was additionally fostered by the victory of leftist parties in the French parliamentary elections of 1 June 1997. It declared the promotion of a “higher level of employment” to be a goal of the Union and sought to further it via regular required reporting by member states, recommendations, exchange of information, and pilot projects. Farther-reaching conceptions for promoting employment-policy measures financially were derailed by opposition from the German government. At base, the conservative-liberal government in Bonn did

37 Amsterdam Treaty, Articles 61–69.

38 Amsterdam Treaty, Articles 30–32.

not think much of such measures; furthermore, it did not want its voters to incur any further financial burden via the Community.

The change of government in London also made possible an expansion of the rights of Parliament: The process of equal co-decision-making by Parliament was extended to almost every area of Community policy in which the Council decided by qualified majority with the exception of the monetary union. This involved approximately seventy percent of all legislative acts of the Community; beforehand, it had been only roughly thirty percent. Beyond that, the process of co-decision-making was significantly simplified: Legal acts could from now on be passed at their first reading (as long as Parliament made no changes to the Council proposal or in cases when the Council accepted all such changes). A third reading, which put the blame for the failure of a mediation process one-sidedly on Parliament, was completely eliminated. It continued to be the case that the Council would need to consult Parliament before passing binding legal acts in the area of criminal law and police cooperation. In regard to the naming of the Commission president, it would in the future be the case that a hearing in advance would no longer suffice—Parliament would now be explicitly required to approve the mutual proposal of the governments.

The latter was all the more significant because in naming the other Commission members, it would no longer suffice to consult the designated president. Rather, mutual agreement would need to be reached with him or her. Beyond this, the president was given the “political leadership” of the Commission. In a declaration passed by the government conference, it was additionally specified “that he will enjoy broad discretion in the allocation of tasks within the Commission, as well as in any reshuffling of those tasks during a Commission’s term of office.”³⁹ This amounted to a kind of power to direct in the areas of strategies and division of tasks. Taken together, Parliament’s required approval along with the strengthening of the position of the Commission president opened up the chance for the European party alliances to name alternative candidates for the office of president, thus having the voters participate in the decision on the next president and his or her program.

For the European Parliament, the expansion of its rights and the strengthening of the position of the Commission president constituted “a breakthrough,” as President of the European Parliament Klaus Hänsch commented in retrospect: “In Maastricht the door from advisory to decision-making parliament had been opened a crack; it now stood open.”⁴⁰ This success was due not least of all to its two representatives, Guigou and Brok, who had largely concentrated on these

³⁹ Erklärung zur Organisation und zur Arbeitsweise der Kommission.

⁴⁰ Klaus Hänsch, *Kontinent der Hoffnungen. Mein europäisches Leben*, Bonn: Dietz, 2011, p. 113.

points in the negotiations and were thereby able to exercise significantly more influence over the results of those negotiations than had been formally accorded them. Important too was that Kohl had been able to win over his new partner Chirac—who had been hesitant at first—for the generalization of the co-decision-making process.

Parliament's success was nevertheless significantly limited given that the number of policy fields in which the Council decided by qualified majority was hardly expanded at all. It was only Belgium and Luxembourg that were prepared to accept thoroughgoing application of the majority principle. France, Spain, and Britain rejected the introduction of majority voting in institutional questions; the German delegation opposed majority voting in sensitive individual areas such as cultural policy, industrial policy, and environmental policy due to pressure from individual ministries and German states. In general, there was little willingness to allow majority voting for legal acts that would directly affect the budget of the Community. In the end, of some fifty-six policy areas in which unanimous decision-making had been in effect, only four were transferred into the category of majority decision-making, mainly in the realm of research and technology policy. It was not only the case that the Council and Commission alone would continue to decide on policies regarding agriculture, industry, competitiveness, and taxes, but also that Parliament would have no co-decision-making authority on basic questions of the monetary union or on policy regarding water, regional planning, energy, or the introduction of increased cooperation.

The French government would have been willing to offer greater concessions on the issue of majority decision-making if there had simultaneously been a recalculation of vote strength in the Council to the benefit of the larger member states. In fact, the already-completed inclusion of new states and the accession of additional members implied a loss of voting weight by those states that in terms of population and economy were the largest; at the same time, this situation offered Parliament greater opportunities for finding allies in the Council for a blocking minority. However, the smaller states rejected a reweighting of the votes to the benefit of larger states either completely (as was the case with Greece, Ireland, Finland, and Sweden), or appealed for a system of double majorities (that is, majority of the weighted votes plus majority of the population) along with simultaneously raising the minimum number of votes needed for majority decisions. Likewise, they opposed reducing the number of Commission members to the number of distinct task areas (approximately ten) and instead insisted that each country be represented by a member on the Commission. Mediation attempts by the German delegation, which advocated a system of double majorities without an increase in the minimum number of votes required, failed due to the resistance of the French representatives. They did not want to accept the loss of equal status with Germany

that such a system threatened to bring about. In the event that the number of Commission members was reduced, the French were also unwilling to forgo a French Commission member occasionally, as the smaller states were demanding.

The government conference almost threatened to collapse over the issues of the distribution of weight within the Council and the Commission's ability to act. In light of the sluggish pace of negotiations, Kohl had already signaled in the autumn of 1996 that "Maastricht II" might well need to be followed by a "Maastricht III"; he therefore suggested to his colleagues on the Council in Amsterdam on the night of 17–18 June 1997 that the disputed issues be deferred to a subsequent government conference.⁴¹ They decided to do that. In the treaty, the status quo as to the weight of votes and the number of Commission members was confirmed. A protocol was then passed in which an agreement in two stages was envisioned: If the weighting of votes in the Council had been "changed in a way that was acceptable to all member states" by the time the next enlargement of member states had come into effect, then from that point onward, each member state would be able to appoint only one commissioner. "No later than one year from the date on which the number of member states exceeds twenty," a further government conference was to be called "in order to review comprehensively the terms of the treaties regarding the composition and operating principles of the organs."⁴²

In the final analysis, adjusting the weight of votes in the Council and the composition of the Commission to the demands of expansion had failed due to the refusal of French policy to give up the central role that France had up to that point always played at the European level.⁴³ Conversely, the continuing Franco-German harmony regarding Common Foreign and Security Policy led to some progress compared to the terms of the Maastricht Union Treaty. The foreign and Europe ministers of the two countries agreed on common guidelines, which they passed on 27 February 1996. These called for improving the decision-making ability in foreign and security policy by introducing the principle of constructive abstention, the creation of a planning and analysis unit for developing common strategies, and the establishment of a "new function, which will contribute to better visibility and coherence of CFSP."⁴⁴

⁴¹ Weidenfeld, *Amsterdam*, p. 32.

⁴² Protokoll über die Organe im Hinblick auf die Erweiterung der Europäischen Union.

⁴³ In the contemporary French literature, a supposed backing away by Kohl from the goal of deepening the integration is often made responsible for the failure of the reform proposals regarding representation on the Council and in the Commission; see, for example, Stark, *Kohl*, p. 387. However, this ignores the French attitude toward mediation proposals.

⁴⁴ Jopp and Schmuck, *Reform*, pp. 118–120.

It proved possible to have these goals approved in the government conference in their essentials, though also with nuances. The instrument of constructive abstention was defined to the effect that a country declaring itself not bound to participate in implementation would still be bound to participate in financing. In the future, majority voting was to be possible not only in the implementation of common actions but also in all measures within the framework of a commonly-defined strategy. Nevertheless, dissenting Council members were accorded the right, as in the case of setting up “increased cooperation,” to prevent application of majority voting. Such a decision could only occur if the heads of state and of government in the European Council had decided differently than their foreign ministers had done previously in the Council of Ministers. Additionally, majority rule was not to be in effect for the sending of troops on a foreign military mission. On this point, German Foreign Minister Klaus Kinkel and Defense Minister Volker Rühle differed from French conceptions.

Further, a declaration of the government conference created a “policy planning and early-warning unit,” which was to be recruited from the ranks of the General Secretariat of the European Council, the ministries of the member states, the Commission, and the WEU. Its leadership lay with the general secretary of the European Council, who now additionally took on the task of a “High Representative for Common Foreign and Security Policy.” French conceptions of shaping the CFSP representation as a political office with great foreign impact could not be approved given opposition from the British and the neutral states. Also, the German proposal to entrust the High Representative with the chairmanship of the Political Committee—the weekly gathering of the political directors of the foreign ministries of all member states—was rejected as too far-reaching.

Neither did the French and Germans succeed in anchoring in the treaty a roadmap for transferring the WEU into the EU. However, there was a decision regarding “closer institutional links to the WEU with a view to the possibility of the integration of the WEU into the Union”; these were to be worked out within a year after the treaty came into effect. It was to be possible for the European Council to decide on further steps as to common defense policy and the integration of the WEU in the EU. Aside from that, the European Council’s responsibility for guidelines was already to be extended to the WEU at that time. In regard to “humanitarian tasks and rescue efforts, peacekeeping tasks, as well as combat deployments for overcoming crises,” as defined in June of 1992 to be tasks of WEU military deployments (the “Petersberg Declaration” of the WEU Council of Ministers), those EU member states that were not also members of the WEU gained the right of equal participation.⁴⁵

⁴⁵ Amsterdam Treaty, Article 17 and Protocol to Article 17.

The instrument of “increased cooperation” was not extended to the provisions on foreign and security policy. It was indeed the case that the German government had been willing to do so in October of 1996. However, after the representatives of Britain, Sweden, and Denmark had insisted on being able to prevent the introduction of increased cooperation by means of a veto, it was only the French delegation that continued to advocate the possibility of a group of states acting in the name of the Union. German Foreign Minister Klaus Kinkel no longer felt himself bound by the proposal that he had made together with his French colleague Hervé de Charette. Increased defense policy cooperation by a core along the lines of the Franco-German model was thus left out of the treaty’s regulations.⁴⁶

The strengthening of Common Foreign and Security Policy thus did not end up being exactly as clear as Kohl and Chirac had called for in their joint letter of December 1995. Nothing else was to be expected given a situation in which the British and Dutch resistance from the time of the Maastricht negotiations had been augmented by the reticence of the new neutral and non-aligned members.

Together with the glaring failure of French leadership on the issues of the weighting of votes in the Council and the number of future Commission members, the impression arose that the government conference on reform of the Maastricht Treaties had contributed little to overcoming the problems facing the EU. “Muted jubilation,” was the headline of the *Frankfurter Allgemeine Zeitung* over its report on the results of the Amsterdam Council meeting.⁴⁷ It was the case that the rights of the European Parliament had been considerably expanded and that the Commission president had seen a significant strengthening of his position, but those results ended up somewhat in the background. Little discussed by the public, the Amsterdam Treaty was signed on 2 October 1997. After conclusion of the ratification process, it came into effect on 1 May 1999.

Inspired by its success in the reform negotiations, the European Parliament exercised its oversight rights extensively even before the treaty had come into force. In so doing, it encountered all sorts of inconsistencies in the Commission’s budget management for the year 1996. The approval envisioned for March of 1998 had to be postponed, and then more and more irregularities began coming to light. The criticism applied especially to Commissioner for Research, Innovation, and Science Édith Cresson, who had briefly served as a French prime minister under Mitterrand and who had clearly engaged in cronyism, as well as the Commissioner for External Relations with the Southern Mediterranean, Latin America, and the Middle East Manuel Marín, a Spaniard, in whose area of responsibility there was fraud in the handling of humanitarian aid. After demands for the resig-

⁴⁶ Stark, *Kohl*, pp. 352–358 and 376ff.

⁴⁷ *Frankfurter Allgemeine Zeitung*, 19 June 1997.

nation of Cresson and Marín had brought no result, Parliament for the first time in its history refused to give the Commission its approval on 17 December 1998.

When this step did not lead to the voluntary resignation of the tainted commissioners, the MEPs pursued a vote of no confidence against the entire Commission, although a motion to that effect did not garner the required two-thirds majority on 14 January 1999. An investigatory commission was instead created and served to bring the Commission into still greater difficulties. In this body's report, presented on 15 March, the accusations against Cresson were expanded still further; and the Commission in general was accused of having lost control over the activities in its administration. There was no willingness, either individual or collective, to assume responsibility; and it was "difficult to find someone who exhibits the least sense of responsibility in this regard."⁴⁸

After the disastrous impression that the report of the independent investigatory commission had produced, the Santer Commission could no longer hold. On the evening after the report's release, those deputies of the Socialist faction who had backed the Commission up to that point informed the president that they too would support a vote of no confidence. Santer, who up till then had been counting on the national governments to withdraw the controversial commissioners, was only able to avoid having the entire Commission removed from office by pushing through a decision for the collective resignation of all the commissioners on the evening of 15 March. The resignation was declared on the 16th. Santer and his colleagues remained in office as caretakers until a new Commission could be appointed.

Chancellor Gerhard Schröder, who held the Council presidency in the first half of 1999, now busied himself as a crisis manager. Already at the Council meeting of 24 and 25 March 1999 in Berlin, he succeeded in having Romano Prodi named the new president of the Commission; while serving as prime minister of Italy, Prodi had been able to bring his country into the Eurozone. The European Parliament confirmed Prodi in his new post on 5 May, and the appointment of the remaining Commission members then followed according to the co-decision-making process of the Amsterdam Treaty. Only a few people from the Santer Commission were named to the new Commission: Neil Kinnock as representative for the upcoming administrative reform, the Austrian Franz Fischler as commissioner for agriculture and fisheries, and the Italian Mario Monti as commissioner for competition. Among the newcomers who would have a significant impact were the Frenchman Pascal Lamy, former cabinet chief under Delors, as commissioner for trade; as commissioner for enlargement, the German Günter Verheugen, who up to that point had been Social Democratic minister of state in the Foreign Office;

⁴⁸ Quoted from Hänisch, *Kontinent*, p. 109. Cf. *ibid.*, pp. 105–109 and Dietrich Rometsch, "Die Europäische Kommission," in: *Jahrbuch der Europäischen Integration 1998/99*, pp. 71–78.

and as commissioner for external relations, the Briton Chris Patten. After all the nominees had individually gone through hearings, Parliament voted to appoint the new Commission on 15 September 1999 by a very large majority. The new Commission then took up its work on 18 September.

Overall, the European Parliament emerged further strengthened from the confrontation with several members of the Santer Commission. The European Council also gained prominence, and the authority of the Commission was again increased over the medium term. The forced change in the membership of the Commission did not however suffice to arrest the loss of confidence in European politics by citizens. In the fifth direct election of the European Parliament, which took place between 10 and 13 June 1999, the percentage of nonvoters, which in 1994 had already been 43.2 percent, rose to 50.6 percent. It was also the case that the pressure to concentrate on necessary administrative reforms hindered the Prodi Commission, at least in its beginnings, from aggressively fulfilling its role of providing impetus to the integration process.

Security and Eastern Policy

Implementing decisions for developing a common foreign and defense policy remained arduous. On the level of the Council of Ministers, it was indeed the case that a whole series of common positions was worked out, for example, in regard to pacification policy after the disintegration of Yugoslavia, the civil wars in Central Africa, and the prolonged conflict between Israel and the Palestinians. Incrementally, the Western European Union oriented itself toward its role as an instrument of common defense policy: with the transfer of its Permanent Representatives Council and its general secretariat from London to Brussels; the establishment of a satellite center, a logistics center, a planning unit, and a crisis-monitoring center; as well as the acceptance of new member Greece along with the NATO countries Turkey, Iceland, and Norway as associate members and the neutral EU countries Ireland, Austria, Sweden, and Finland as observers. Several multinational military units developed: for example, the Eurocorps consisting of fifty thousand French, German, Belgian, Spanish, and Luxembourgish soldiers that was ready for deployment at the end of 1995; a Multinational Division made up of Belgian, British, Dutch, and German units; and the multinational Mediterranean forces Eurofor and Euromarfor.

However, common actions remained largely confined to the posting of Union representatives to crisis regions, support for democratization and rebuilding programs, and the sending of election observers. The armed forces of the WEU were hardly made use of. It was only the case that from 1992 to 1996, the WEU together

with NATO and the UN secured an arms embargo against the countries of the former Yugoslavia and a trade embargo against Serbia-Montenegro. Beyond that, the EU administration of Mostar was supported by a military police force numbering about 180. Participation in the UN peace mission for Bosnia-Herzegovina was primarily by France, along with Belgium, the Netherlands, Spain, and lastly Great Britain; Italy provided air logistics. The weakness of the Europeans became clear when in May of 1995 some four hundred Blue Helmets were taken hostage by Bosnian Serbs and two months later when Dutch Blue Helmets had to stand by helplessly as soldiers of the Bosnian-Serbian Army murdered approximately eight thousand Muslims during the capture of the Protected Zone of Srebrenica. Only after American NATO warplanes had bombed Serbian positions in August was it possible to force a cessation of hostilities. The Dayton Peace Accords of 14 December 1995 were mediated by the US and overseen by an international peace-keeping force under the leadership of NATO.

The Europeans' glaring weakness in the conflict in Bosnia-Herzegovina could be attributed not least of all to the hesitancy of the Germans to engage militarily in an area outside the boundaries of NATO. This contributed to a situation in which the advantage gradually shifted in favor of NATO in the struggle over the autonomy of European defense. At the beginning of the 1990s Mitterrand had expected that after the end of the Cold War NATO would be dissolved and that an autonomous European armed force could take its place; it was now the case however that the Germans were gradually losing interest in a French nuclear umbrella and that NATO could acquire new tasks in the absence of available European alternatives. After a debate on the resumption of French nuclear testing by President Chirac in June of 1995 had once again made clear the difficulties that stood in the way of an Europeanization of nuclear strategy, Chirac decided in November to seek an European pillar *within* NATO. On 5 December, he announced that the French defense minister and chief of the general staff would in the future participate in the operations of the alliance. Six months later, Paris and Washington signed an agreement on the exchange of nuclear development data that was to make further test explosions unnecessary.

With this, French efforts for European autonomy were *de facto* reduced to the conventional sphere. Specifically, the Europeans would have the opportunity to receive material and logistical support from NATO for carrying out their own operations if and insofar as the US abstained from having American ground troops participate. At the NATO Council meeting in Berlin on 3 June 1996, a principle decision to that effect was formulated: The WEU was supposed to be able to operate in the future with support from NATO, though only if the particular operation had been unanimously approved by the NATO Council in advance. France

pledged to return to the command structure of NATO at the implementation of this decision and to give up its special role within the Western alliance.⁴⁹

Implementation of this decision did not come about however. France sought the permanent transfer of regional command authority in Europe to European generals. The Clinton administration in Washington was not willing to do that, however; it did not want to go beyond conceding individual, carefully defined missions that would be carried out autonomously by the Europeans. In February of 1997, Chirac then declared to US Secretary of State Madeleine Albright during her visit to Paris that the conditions for France's return to the command structure of NATO had not yet been fulfilled. Hubert Védrine, foreign minister in the Socialist government formed by Jospin in June of 1997, reinforced him in this decision. For him, the rapprochement of France with NATO undertaken by Chirac in December of 1995 constituted a strategic blunder that needed correcting.⁵⁰ At the Madrid meeting of the NATO Council on 8 and 9 July 1997, the continuing antagonism between France and the US became public; for its part, the German government, which was still not prepared to undertake military action outside allied territory, did nothing to support the French position. As a consequence, the exact structure of the "European pillar" of NATO remained unresolved.⁵¹

At the same time, NATO took a major step toward lastingly establishing itself as the decisive security organization on the European continent: Poland, Hungary, and the Czech Republic were invited to negotiate on entry into the Atlantic Alliance in 1999. It was less a clear strategy that lay behind this than Bill Clinton's desire to make a name for himself in foreign policy, along with his receptiveness to Polish and Czech desires. NATO got more problems than solutions with this eastward expansion but was from that point onward always present in the countries of Eastern-Central Europe; it was also to be expected that the expansion would go still further. Slovenia and Romania, which had likewise submitted applications, were not yet admitted despite support from a majority of European members of the alliance; in the closing communiqué of the Madrid NATO Council meeting, they were however named as possible candidates for the next round of expansion.⁵²

New dynamism came into European security policy only in the autumn of 1998 with the threatened escalation of the conflict between Serbian military forces and Kosovo-Albanians, who were fighting to gain independence from Serbia. Blair, who a year earlier had not yet had the courage to advocate British

⁴⁹ Soutou, *L'Alliance incertaine*, pp. 414–426.

⁵⁰ Chirac, *Le temps présidentiel*, pp. 220ff.

⁵¹ Stark, *Kohl*, pp. 339–348.

⁵² Vojtech Mastny, *Reassuring NATO. Eastern Europe, Russia, and the Western Alliance (Forsvarsstudier 5/1997)*, Oslo: IFS, 1997.

participation in the Community currency, now saw a chance to profile himself in the sphere of European politics in which a leadership role for Britain was most likely to be had. With the Europeans' fear of a repetition of the traumatic experience of Bosnia-Herzegovina in mind, he advocated "fresh thinking" in security policy at an informal gathering of the European Council on 25 and 26 October in the Austrian town of Pörschach: the assembly of credible European crisis reaction forces capable of deployment and that could engage autonomously if the US was not willing to get involved; this initiative could potentially be combined with the full integration of the WEU into the EU.⁵³

Chirac immediately made use of this British change of course in security policy to get Blair to commit himself to the greatest extent possible to accelerated implementation of the Amsterdam decisions on security policy. At a meeting in St. Malo on 3 and 4 December, he gained Blair's agreement to a joint declaration in which the French president and the British prime minister announced that they wanted to work together because "the European Union needs to be in a position to play its full role on the international stage. [...] To this end, the Union must have the capacity for autonomous action, backed up by credible military forces, the means to decide to use them, and a readiness to do so, in order to respond to international crises." As to the transfer of the WEU into the EU, there was still rather vague mention of "taking account of the existing assets of the WEU and the evolution of its relations with the EU."⁵⁴

Military intervention in Kosovo was once again left to NATO. After the Serbian Army had begun a broad offensive against the Kosovo Albanians on 20 March 1999, NATO reacted on 24 March with air attacks on military and economic targets in Serbia, Kosovo, and Montenegro. After more than two months of bombardment, Serbian President Slobodan Milošević agreed to a withdrawal from Kosovo on 3 June; the UN decided on an international peacekeeping force, organized by NATO, with a temporary occupation of the province seeking independence.

The renewed experience of powerlessness in determining the targets of air strikes strengthened the will of the Europeans to achieve the ability to act autonomously. Still more important was the fact that because of the dispute in Kosovo, new German Foreign Minister Joschka Fischer had been compelled to push through in his "Green" Party—which traditionally had tendencies toward pacifism—fundamental approval of Bundeswehr deployments outside of NATO territory and have such deployments become capable of winning majority support in Germany overall. In order to avoid the isolation of Germany or the collapse of the Red-Green coalition even before its assumption of power, Fischer had to agree to participation of the

⁵³ *Agence Europe*, 26–27 Oct. 1998, pp. 4ff.

⁵⁴ www.fco.gov.uk/en/newsroom/latest-news/?view=News&id=2244063.

Bundeswehr in a possible NATO intervention against the Greater-Serbian Army in the middle of October 1998. In mid-March, Milošević refused to sign a “temporary agreement” for the partial autonomy of Kosovo, an agreement that had come about not least of all due to pressure from the German government. He then began his offensive, and the government of Schröder-Fischer honored its commitment. Fischer justified his actions with the argument that he had drawn the lesson from recent German history not only of “never again war” but also of “never again Auschwitz.”⁵⁵

At the same time, Fischer made use of the German Council presidency during the first half of 1999 in order to develop more substance in European security policy at the European level, which had become possible due to the British change of course. At an informal gathering of the Council of Ministers on 13 and 14 March 1999 in the town of Reinhartshausen, he presented a discussion paper that made concrete proposals for implementing the St. Malo program. On that basis, the Cologne Council meeting of 3 and 4 June 1999 decided to improve the structures for a “European Security and Defense Policy” (ESDP): At the Council meetings of the foreign ministers, the defense ministers would now also participate as needed. The Political Committee of CFSP was to be expanded into a standing “Political and Security Committee” made up of high officials or ambassadors. Further, an EU Military Committee was to be created consisting of the national chiefs of general staffs as well as an EU Military Staff, which along with strategic planning was also to be responsible for implementing operations. The tasks of the WEU were to be “integrated” into the EU by the end of 2000.⁵⁶

Beyond this, the German government ensured that with the very first strategy decided on after the Amsterdam Treaty came into effect—it involved the future relationship with Russia—the enforcement of unanimity for implementation measures would be dispensed with, and the treaty stipulations on it receded into the background. Likewise, the German government participated decisively in efforts to have none other than NATO Secretary General and former Spanish Foreign Minister Javier Solana named as first “High Representative” for CFSP. This gave the office political weight that went significantly beyond what had been decided in Amsterdam. Taking up his new post on 1 November 1999 and also assuming the office of WEU general secretary in a personal union, he gave the foreign policy line of the EU a face that was noticed by the public too.

⁵⁵ Joschka Fischer, *Die rot-grünen Jahre. Deutsche Außenpolitik – vom Kosovo bis zum 11. September*, Cologne: Kiepenheuer & Witsch, 2007, p. 185. Cf. *ibid.*, pp. 110–147, 156–251.

⁵⁶ Europäischer Rat in Köln 3./4.6.1999, Schlussfolgerungen des Vorsitzes, Ziffer 17 und Anhang III. Cf. Uwe Schmalz, “Aufbruch zu neuer Handlungsfähigkeit. Die Gemeinsame Außen-, Sicherheits- und Verteidigungspolitik unter deutscher Ratspräsidentschaft,” in: *Integration 3/1999*, pp. 191–204.

Taking into account the qualms of NATO-oriented EU states as well as those of non-aligned ones, there were efforts up to the Council meeting in Helsinki on 10 and 11 December 1999 to specify that the EU military structure would actually only deal with crises outside the territory of the alliance. One result—contrary to what the German government had sought—was that the WEU was retained as an organization with a collective obligation of its members, even if its instruments and missions were taken over by the EU. Additionally, the heads of state and of government in Helsinki, following a British suggestion, committed themselves to organizing their militaries by the year 2003 so that a rapid deployment force of fifty to sixty thousand troops could be mobilized and its deployment be maintained for at least a year. At an “input conference” of the foreign and defense ministers on 20 November 2000, this decision was concretized to the effect that the sixty thousand ground troops were to be augmented by thirty thousand marines and air force personnel; some four hundred military aircraft and one hundred ships would be needed for this. Including the reserves necessary to maintain a deployment for more than a year, a total of approximately 150,000 personnel would be needed altogether.

In March of 2000, work began on setting up new institutions, regulating their relationships to NATO and the non-aligned EU states, as well as determining their modes of operation. In June, a Council committee on civil crisis management was added. Additionally, in the Portuguese city of Feira on 19 and 20 June, the European Council decided to keep five thousand police personnel available for civil crisis management. One thousand were to be deployable within thirty days. At the Council meeting in Nice from 7 to 10 December 2000, the responsibilities, mode of operation, and forms of cooperation were definitively regulated. The chiefs of the general staffs were to meet in the Military Committee two to four times a year, and the military representatives accredited in Brussels were to meet once a week. For those countries participating in NATO integration, these representatives were to be the same ones who were part of the NATO Military Committee. The Political and Security Committee was to meet twice per week at the level of ambassadors in Brussels; it could also however come together in the then-current form of a conference of the Political Directors of the Foreign Offices. An attempt by Germany and France to establish the High Representative of CFSP as chairman of the Political Committee was not successful; in the Nice reform treaty, it was only the case that there would be the possibility of entrusting him or her with the chairmanship in times of crisis.⁵⁷

⁵⁷ Mathias Jopp, “Gemeinsame Europäische Sicherheits- und Verteidigungspolitik,” in: *Jahrbuch der Europäischen Integration 1999/2000*, pp. 243–250; *idem.*, “Europäische Sicherheits- und Verteidigungspolitik,” in: *Jahrbuch der Europäischen Integration 2000/2001*, pp. 233–242.

With such results, France was no nearer to the goal of autonomous defense planning for Europe. It had received the option of doing such planning, however, at least in the conventional sphere. At the same time, the EU had created the military capability to act autonomously as crisis manager outside the territory of the alliance. It thereby had reacted in a basically appropriate way to Europe's changed security situation and so prevented further damage to European self-confidence.

This was all the more important given that the way had in the meantime been opened for enlargement of the European Union toward the east. Many countries and interest groups had hoped that the date of such expansion could be put off still further—the membership of numerous formerly communist states constituted a threat owing to competition from cheaper products and labor, transfer of production to countries with lower wage levels, as well as massive increases in expenditure for agricultural policy and structural improvements or the reduction of such expenditures or their transfer to the countries of Eastern and Southeastern Europe. In June of 1991, Mitterrand had said that it would take “decades” until membership in the Community would be possible for these countries.⁵⁸ The association agreements that the EU had completed with Poland, Hungary, and Czechoslovakia in December of 1991 after difficult negotiations—with similar agreements following in 1993 with Romania and Bulgaria, in 1995 with the Baltic States and Slovenia—explicitly included the proviso that these agreements would not predetermine later entry into the Union.⁵⁹

The governments of the associated countries had however quickly declared that they could not be satisfied with mere association over the long term. They were supported in this by the German government, which had an active interest in the establishment of stable and prosperous democracies to the east of Germany. The British and Danish governments pushed even more strongly for the quickest possible accession of the associated countries, not least of all because they saw in eastward expansion a possibility of slowing down the supranational deepening of the Union. The hesitant governments of Western and Southern Europe ultimately could not close their minds to the demands for stabilizing the Eastern-European region. Thus, after repeated forays by the Commission, the European Council in Copenhagen on 21 and 22 June 1993 agreed to a declaration that “future cooperation with the associated countries is to be coordinated with the now-established

⁵⁸ Radio interview, 12 June 1991, quoted from Bozo, *Mitterrand*, p. 357.

⁵⁹ On this and the following, cf. Graham Avery and Fraser Cameron, *The Enlargement of the European Union*, Sheffield: Sheffield Academic Press, 1998; Barbara Lippert (ed.), *Osterweiterung der Europäischen Union – die doppelte Reifepfung*, Bonn: Europa Union, 2000; Stark, Kohl, pp. 397–417; Peter Becker, *Die deutsche Europapolitik und die Osterweiterung der Europäischen Union*, Baden-Baden: Nomos, 2011, pp. 27–63 and 143–202.

goal of membership.” At the same time, criteria were set down that would have to be met if the desire for entry were to be granted: Stable democratic order and rule of law, a functioning market economy, economic competitiveness, willingness to accept the *acquis communautaire* and the political objectives of the Union in full, as well as the existing Union’s capacity to accept such countries.⁶⁰

In order accelerate the fulfillment of these criteria, the European Council in Essen on 9 and 10 December 1994—after input from the Commission and the German Council presidency—established a “Structured Dialogue” between the governments of the member states, the European Parliament, and the governments of the associated countries. Already in the run-up to the Essen Council meeting, ministers with expertise from the candidate countries were brought into the process of working out a pre-accession strategy; it was essentially a matter of getting to know the Union’s methods of operation. With his sense for symbolism, Kohl invited the heads of state and of government of the associated countries a few days before the Essen meeting for a first encounter with the members of the European Council on the fringes of the Council meeting; in the candidate countries themselves, this was regarded as a clear sign of the actual willingness of the Union to accept them.

However, the material preparation strategy could only be partially implemented through further measures to facilitate trade and promote investment as agreed to in Essen. In light of manifold opposition to unwelcome competition from the candidate countries, it took until November of 1995 before there was a majority in the Council of Ministers for a mere five percent increase in the tariff quota for Central- and Eastern-European countries. The German agricultural minister was among those opposing a greater increase or more flexibility in the quota. Intensive pressure from the German chancellor was once again needed for the European Council of 15 and 16 December 1995 in Madrid to hold out a concrete date for the beginning of entry negotiations: six months after conclusion of the government conference on reform of the Maastricht Treaties, that is, at the beginning of the year 1998. The only countries that received a firm commitment to the opening of negotiations at that time were the Mediterranean states Cyprus and Malta, which had submitted applications in 1990. For the Central- and Eastern-European countries, it was only the case that the Council was “anxious to reach” the beginning of negotiations at the same point in time. The European Commission was given the task of taking a position on the entry requests and producing a report on all the issues involved.⁶¹

⁶⁰ “Europäischer Rat in Kopenhagen 21./22.6.1993, Schlussfolgerungen des Vorsitzes.” in: *Europa-Archiv* 48 (1993), pp. D258–D276, the quote on p. D264.

⁶¹ “Europäischer Rat von Madrid 15./16.12.1995, Schlussfolgerungen des Vorsitzes, Teil A, Abschnitt III,” in: *Bulletin der Europäischen Union* 12/1995, pp. 9–85, the quote on p. 20.

In accordance with the prevailing trend among the governments, the Commission decided to seek entry dates that varied according to the developmental level of the applicants and to organize the entry process so that the Union would not be faced with any additional financial requirements. After evaluating the application materials submitted by the candidates, Commission President Santer came to the conclusion that along with Cyprus (Malta had withdrawn its candidacy), entry negotiations should initially begin only with Poland, Hungary, and the Czech Republic. However, the German, British, and Dutch commissioners called for including at least one Baltic State and one country from the former Yugoslavia for political reasons. Thus, in the Report “Agenda 2000” that was presented by the Commission on 16 July 1997, the start of negotiations with Estonia and Slovenia was also recommended; different views could be taken on their ability to compete in five years. It was emphasized however that the beginning of negotiations did not in any way predetermine that they could be concluded at the same time.⁶²

At the Luxembourg Council meeting of 12 and 13 December 1997, the European Council agreed to the recommendation to start accession talks with the six nominated countries. A Greek proposal to include Romania and Bulgaria in the first round of negotiations was disregarded, as was an appeal made by Denmark and Sweden for the participation of Latvia and Lithuania. At the same time, “accession partnerships” were agreed on between the Union and all ten Eastern-European candidate countries; under the auspices of these partnerships, financial and other assistance for restructuring was linked to annual progress reports. Also, following the recommendation of the Commission, a “European Conference” was established in which all European countries with a possibility of entry (that is, going beyond the circle of Eastern-European reform states) could confer about issues of cooperation beyond the pillars of the Community. In this way, a differentiated expansion was to be secured without holding back those countries in the second rank from intensifying their reform efforts.

In contrast, it was not possible for the heads of state and of government to come to agreement on the reform of cost-intensive Community policies as the Commission had also proposed: a further reorientation of agricultural policy away from guarantee prices to direct assistance or a geographical and thematic concentration of regional structural promotion. Speaking on behalf of all net-recipient countries, the conservative Spanish Prime Minister José Maria Aznar opposed any reduction or reapportionment of the current transfer payments, while Kohl once again made it clear that Germany was not prepared to see its position as a net payer expanded but would much rather even have it reduced in the future.

⁶² Europäische Kommission, “Agenda 2000. Eine stärkere und erweiterte Union,” KOM (97) 2000 endg., 15 July 1997.

However, with an eye toward parliamentary elections in Germany in the autumn of 1998, Kohl was also unwilling to hear of reductions in guarantee prices for agricultural products. Negotiations with the first six candidates for entry thus began on 31 March 1998 without the financing of the expansion having been settled.

No agreement on the difficult financial issues came about at the Council meetings in Cardiff in June or in Vienna in December either. Only at the Berlin Council meeting of 24 and 25 March 1999 was there agreement on the financial framework for the years 2000 to 2006—after a dramatic nighttime session and at the price of lasting resentment between Schröder and Chirac. The German government had had to give up its demand for national co-financing of agricultural subsidies. In return, the guarantee prices for agricultural products were reduced (though not as much or as quickly as the Commission had proposed, on average by about fifteen percent); expenditures for structural policy were also reduced by a small amount (from 230 to 213 billion euros). Another forty billion euros was to be available for the first new countries. The Commission had calculated that a hike of approximately twenty-five percent by 2006 ought to be made in total expenditures based on assumed annual rates of growth, but this was not undertaken.⁶³

In any event, the German government had achieved a result by which eastern expansion would not include with any further increase in its financial burden. Those countries receiving subsidies in the Union had to accept only small reductions; for Greece, Ireland, Spain, and Portugal, there was even an increase in the Cohesion Funds. No major breakthrough in agricultural reform occurred. At the same time, there did remain questions as to the financing of eastward expansion. Lengthy transitional deadlines for incorporating entering countries into Community programs as well as further disputes about reform of the budget had been built in.

The experience of the Kosovo War then led to a shift of emphasis in the expansion strategy: It was especially Fischer and Schröder who envisaged more clearly the dimension of security and stability in expansion. This led them to see expansion in the area of the former Yugoslavia as more urgent, and they also developed new arguments for the inclusion of Turkey. In the autumn of 1998 in its first progress report on developments in the candidate countries, the Commission found that there had been significant progress on the political criteria for entry among the candidates of the second rank; it was anyway the case that the Danish and Swedish governments had already been demanding (in vain up to that point) the beginning of entry negotiations with Latvia and Lithuania. This resulted in an orientation toward negotiations with all the other candidates.

⁶³ Winfried von Urff, "Agrar- und Fischereipolitik," in: *Jahrbuch der Europäischen Integration 1998/99*, pp. 125–134; from the viewpoint of the German government, also Fischer, *Die rot-grünen Jahre*, pp. 287–297.

Encouraged by the German government, new Commission President Romano Prodi decided to make the upcoming eastward expansion the focal point of his Commission; and so he set up a separate general directorate for expansion with horizontal responsibility. He entrusted that function in the Commission to Fischer's deputy Verheugen. After a further review of the situation in the candidate countries and assessment of political conditions, he made the recommendation that negotiations now be started with all the candidates of the second rank, that is, Latvia, Lithuania, Slovakia, Romania, and Bulgaria—as well as Malta, which after an electoral victory by the pro-European Nationalist Party had renewed its application for membership. A decision to this effect was made at the Council meeting in Helsinki on 10 and 11 December 1999. At the same time, it was agreed that the preparations for accepting further members should be completed by the year 2003.⁶⁴

That decision did not imply giving up on the strategy of differentiation then in effect. The conclusion of negotiations and the actual completion of accession remained dependent on reform measures and the performance of the land in question. This decision made the expansion process more dynamic only to the extent that, for political-strategic reasons, there was more willingness to take greater risks in evaluating economic problems. Furthermore, it was now the case that significantly greater personnel capacity of the Commission was invested in simultaneous negotiations with no fewer than twelve candidates.

Additionally, the heads of state and of government in Helsinki granted Turkey the status of a candidate for accession. This was a noteworthy step insofar as the EU had always rejected the Turkish desire to enter, even after the country's return to a parliamentary system in 1983. Freedom of movement for workers, pledged for 1986, had been rejected due to German efforts; the official entry request of 14 April 1987 had been put on the back burner by the Community. In March of 1995, agreement was successfully reached that the completion of the customs union between Turkey and the Community was the “end phase” of association. Then, however, Greece had blocked the release of financial assets frozen since 1981; in the decision on expansion issued in Luxembourg in December of 1997, Turkey was not taken into account this time either.

In Turkey, the bitterness over the new postponement of the entry decision was all the greater given that the new round of enlargement was characterized as the “reunification of Europe.” It was not possible to miss the message that the governments of the member states and the candidates for entry no longer

⁶⁴ Europäischer Rat. Tagung vom 10. und 11. Dezember 1999 in Helsinki, Schlussfolgerungen des Vorsitzes, excerpts in: *Internationale Politik* 2/2000, pp. 80–85. Cf. Günter Verheugen, *Europa in der Krise. Für eine Neubegründung der europäischen Idee*, Cologne: Kiepenheuer & Witsch, 2005, pp. 78–85.

regarded Turkey as part of Europe or no longer unambiguously did so. Additional pain resulted from the fact that Cyprus was invited to the entry negotiations even though the Turkish regime in the north of the island did not want it. The government of Turkish Prime Minister Mesut Yilmaz therefore rejected an invitation to participate in the “European Conference” of potential candidates for entry and froze all links to the EU with the exception of the customs union.

The bestowal of candidate status and the financial assistance connected with it were attempts to prevent the looming isolation of Turkey. Involved in bringing this about was the government of Yilmaz’s successor Bülent Ecevit, which correctly regarded defiance as none too productive, as well as the Clinton administration, which admonished the Europeans not to close themselves to EU entry by the NATO member Turkey. The American admonitions had an effect not only on the government of Schröder-Fischer but also on Greece’s Simitis government. In the summer of 1999, Greek Foreign Minister Georgios Papandreou succeeded in initiating a *rapprochement* with Ankara. This was accelerated by the unexpected wave of mutual willingness to provide assistance after the severe earthquakes in Turkey in August and in Greece in September. The conferring of candidate status did not however mean that any actual breakthrough had been achieved on accession negotiations: Given that Turkish entry appeared to be looming, a debate about the “European” character of Turkey now took place in the member states; for its part, the Turkish government showed little inclination to make necessary reforms within the meaning of the Copenhagen criteria.⁶⁵

The Nice Complex

After the decision to broaden the entry negotiations, the European governments felt it necessary to tackle the last hurdle before carrying out eastern expansion: the adjustment of European institutions. This was indispensable according to a declaration made by the heads of state and of government of France, Belgium, and Italy at the close of negotiations on the Amsterdam Treaty. The ambition of the German government was therefore to have a decision made on calling a further government conference—necessary before the membership expanded beyond twenty—under the auspices of the German Council presidency. This effort

⁶⁵ Oya Susanne Abali, “Türkei,” in: *Jahrbuch der europäischen Integration 1999/2000*, pp. 437–442; Jürgen Reuter, “Werden Athen und Ankara ihren historischen Konflikt beiliegen? Griechisch-türkische Beziehungen im Lichte der türkischen EU-Beitrittskandidatur,” in: Wilfried Loth (ed.), *Das europäische Projekt zu Beginn des 21. Jahrhunderts*, Opladen: Leske und Budrich, 2001, pp. 295–323; Kramer and Reinkowski, *Die Türkei und Europa*, pp. 161–166.

succeeded in that at the Cologne Council meeting of June 1999 it was decided that over the course of the year 2000, there would be negotiations on the future composition of the Commission and the weighting of votes in the Council of Ministers.

Fischer clearly did not want to content himself with a mere adjustment of Community organs to an appreciably larger number of member states. He interpreted the commitment of the Council members to “comprehensive” review of the organs’ composition and methods of work in such a way that there was now an opportunity with the elimination of deficits to make a major leap forward in political integration at last. With strong emphasis on the “historical challenges” that he saw the Union facing, he sought out his French counterpart Hubert Védrine so as to win his support for a common initiative to strengthen European institutions. The Frenchman put him off, however: As the servant of two masters, a Socialist prime minister and a conservative president, he was not in a position to make his own mark on French European policy. However, after the Commission had also spoken out for a “far-reaching reform of European institutions in its position on the government conference,”⁶⁶ Fischer decided to go it alone: With a personal programmatic speech, he sought—in a way similar to Genscher in 1981 and 1987—to give European unification policy an impetus that would steer negotiations among the governments in the direction he desired.

In his speech at Berlin’s Humboldt University on 12 May 2000, to whose preparation Jacques Delors and others had contributed, Fischer spoke dramatically of “probably the greatest challenge ever faced by the Union since its founding,” and then called for nothing less than “the transition from the Union’s grouping of states to full parliamentarization in a European federation.” This was to be achieved by passage of a “European Constitutional Treaty,” as Wolfgang Schäuble and Karl Lamers had proposed one year earlier.⁶⁷ Fischer termed this “a conscious political refounding act for Europe” to be accomplished “within the next decade” either by “a majority of member states” or by a “smaller group” that, as the “center of gravity,” was ready “to advance” with political integration. As to which countries should belong to this group, Fischer—unlike Schäuble and Lamers—purposely did not name names; he also left open the issue of the relationship of the current government conference to the proposed act of foundation.⁶⁸

⁶⁶ KOM (2000) 34, 26 Jan. 2000.

⁶⁷ Wolfgang Schäuble and Karl Lamers, “Europa braucht einen Verfassungsvertrag,” in: *Frankfurter Allgemeine Zeitung*, 4 May 1999.

⁶⁸ Joschka Fischer, “Vom Staatenbund zur Föderation – Gedanken über die Finalität der europäischen Integration,” in: *Bulletin der Bundesregierung*, 24 May 2000, reprinted in among others: Wilfried Loth, *Entwürfe einer europäischen Verfassung. Eine historische Bilanz*, Bonn: Europa Union, 2002, pp. 241–252; on the origins, Fischer, *Die rot-grünen Jahre*, pp. 298–304.

Chirac actually responded very positively to Fischer's foray. In a speech to the German Bundestag on 27 June 2000 (now meeting in the Reichstag Building in Berlin), the French president committed himself to the principle of "common sovereignty" (a remarkably courageous step for a Gaullist) as well as to increased democratization and the expansion of majority decision-making. He then agreed to the creation of a "pioneer group," if only in the form of increased cooperation. Lastly, he also embraced the idea of a constitutional treaty. Here, he was more concrete than Fischer: This treaty was not to be worked out under the auspices of a government conference but instead soon thereafter with the inclusion of the people's representatives in the European Parliament and in the national parliaments.⁶⁹ Adjustments necessary for the expansion should not be delayed by lengthy disputes as to fundamental reform of the Union.

In the wake of this, some improvements in the Union's ability to act could be achieved at the government conference that had been meeting since 14 February 2000. According to the treaty completed in Nice in early December, the Commission president and the commissioners would in the future be elected by qualified-majority vote, likewise the High Representatives for Foreign Affairs and Security Policy as well as special representatives in the area of CFSP. The Commission president was to be able to decide on the division of responsibilities and be able to dismiss commissioners. In the future, majority decision-making was to be the practice in foreign economic policy as well as foreign and security policy, this latter area to feature the development of "common standpoints and actions" in cases of "increased cooperation." In the areas of the Structural and Cohesion Funds as well as the issuance of visas, immigration, and freedom of movement, majority decision-making was likewise to be introduced, though with the reservation that agreement be reached on the adoption of the next financial projection as well as regulations for entry and for immigration.

The rights of the European Parliament were also increased. Its right to participate within the framework of co-decision-making was extended to six new cases; in three new areas, its approval was now necessary. Yet, the extension of Parliament's rights did not keep pace with the expansion of majority decision-making. To the disappointment of MEPs, majority decision-making in areas relevant to finance was not linked to co-decision-making by Parliament. The instrument of "increased cooperation" was indeed extended to the area of foreign and security policy and its use was made easier (by reducing the minimum number of participating states to eight and by the possibly of deciding by qualified majority in the area of police and justice cooperation), but it could not be used for opening up new political areas or for altering the procedural rules in a particular polit-

⁶⁹ The text in among others Bossuat, *Faire l'Europe*, pp. 513–520.

ical field. It was still not very appropriate for forming an avant-garde group. A “Charter of Fundamental Rights of the European Union,” commissioned by the European Council in Cologne, was approved; but taking the opposition of the British government into account, it was not integrated into the treaty.⁷⁰

It certainly would have been possible to achieve more clear progress and less of a confusing overall picture if Germany and France had been in agreement as to conference strategy. That was not the case, however. Instead, Schröder and Chirac engaged in a fierce battle over the weighting of votes in the Council of Ministers, hindering productive decisions until the final phase of the Council Meeting in Nice. With brutal openness, Schröder let Chirac know that the Federal Republic’s population increase stemming from reunification must finally result in a higher vote weight in the Council; Chirac answered engagingly but also with determination that forsaking the principle of equal ranking for France and Germany was out of the question. The result, completed on the night of 10–11 December in an “abominable climate” (Chirac) consisted of preserving equal ranking but simultaneously granting the Federal Republic (and every other member state) the possibility of insisting on a majority of sixty-two percent of the total population of the Union. The “large” states (including Spain and Poland) were accorded a bare fifty percent higher weight than before; for the “smaller” states, there was a success via the introduction of the additional criterion of the “majority of the member states.”⁷¹

Thus, a difficult-to-calculate threefold majority had been introduced without thoroughly rectifying the problem of deficiency in representation. The remaining disproportions between population and share of the vote created dissatisfaction among the disadvantaged members. Only Aznar and Poland (which was not even represented in Nice) could regard themselves as victors. Moreover, the lack of agreement among the “big ones” meant that there was no resolution to the problem of the Commission’s ability to act: Germany, Britain, France, and Italy did dispense with having a second commissioner; but the other countries did not give up the principle that each nation be represented with one seat on the Commission. Only after the signing of the accession treaty of the twenty-seventh country (that is, after the successful conclusion of all ongoing entry negotiations) was the rotation principle for the composition of the Commission to be

70 On the analysis of the Treaty of Nice, cf. Wilfried Loth, “Nach Nizza. Die Aufgaben der Europapolitik nach den Ergebnissen des Europäischen Rates in Nizza,” in: *idem.*, *Das europäische Projekt*, pp. 383–389; Mathias Jopp, Barbara Lippert, and Heinrich Schneider (eds.), *Das Vertragswerk von Nizza und die Zukunft der Europäischen Union*, Bonn: Europa Union, 2001; Werner Weidenfeld (ed.), *Nizza in der Analyse. Strategien für Europa*, Gütersloh: Bertelsmann Stiftung, 2001.

71 With opposing assessments, cf. Fischer, *Die rot-grünen Jahre*, pp. 342–356 and Chirac, *Le temps présidentiel*, pp. 301–311, the quote on p. 310.

introduced. It remained open as to how many countries would then have to forego a seat on the Commission for a term.⁷²

With the devastating impression that this conclusion of the government conference in Nice had made not only among many participants but also among the public and in the European Parliament, the progress that had been achieved on the Union's ability to act and its democratic oversight was largely missed. The "Declaration on the Future of the Union," with which the heads of state and of government announced a "more thorough and broader discussion about the future development of the European Union" as well as a further government conference for 2004,⁷³ appeared to be an admission of failure in the negotiations at Nice. In fact, it only put on the agenda of European politics that which Fischer had urged and Chirac had embraced.

The heads of state and of government additionally declared that the new treaty was to come into effect by the end of 2002, and they expressed the hope that the first new member states would be able to participate in elections to the European Parliament in June of 2004. For the candidate countries, a potential timeline had thereby been given for the first time. The Treaty of Nice was signed by the foreign ministers on 26 February 2001. Surprisingly, its ratification failed initially in Ireland, where the government had done little in the way of bringing together a majority for the referendum of 7 June 2001. A second referendum on 19 October, this time with massive support of the government, rectified that vote. On 1 February 2003, the Treaty of Nice was able to come into force.

In the decade after the signing of the Treaty of Maastricht, the EU had by and large succeeded with the essential steps of enlargement and deepening that were necessary after the collapse of the Soviet imperium. Once again, Helmut Kohl had played a large part in this success. Even with occasional Franco-German discord after the end of the Mitterrand era, one must not overlook the importance of Jacques Chirac's repeated success in going beyond the ideological shadow of the Gaullist tradition. Additionally, for the creation of a security-policy crisis instrument, the turns made by Tony Blair and Joschka Fischer were decisive. It was the case however that the plethora of differing individual regulations that the heads of state and of government accepted did to an extent void the progress in reducing the democratic deficit. As a consequence, the development of the European consciousness also lagged behind the Europeanization of ever more political fields.

72 Protocol 10 to Treaty of Nice, Article 4.

73 Vertrag von Nizza (Amtsblatt der Europäischen Gemeinschaften 2001/C 80/ 01), pp. 85–86.