



## Papiers d'actualité / Current Affairs in Perspective

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### The Treaties of Rome (1957): Comforting Peace and Offsetting the Decline of Europe

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Sixty years ago, on the 25th of March 1957, the Treaties of Rome were signed, creating the European Economic Community (EEC), and the Euratom. They established an ambitious and innovative form of cooperation among six states of Western Europe, namely, Belgium, France, Italy, Luxembourg, the Netherlands, and West Germany, the so-called "Six". The EEC was the forerunner to the European Union (EU).

The conclusion of the Treaty of Rome was not a preordained outcome, nor was it a mere step in the process leading automatically from the Second World War to the European Union. There was no inevitability in the success of the EEC. On the contrary, the EEC was only one project of European cooperation among many others. Some of them were extremely ambitious, such as the European Defence Community of 1952, and others akin to trade pacts, such as the British project of a Free Trade Area launched in 1956.

This paper argues that the EEC proved to be the most successful of the European projects largely because of three features peculiar to the Treaty of Rome: its profound political motivations, its "Community method", and its economic balance between liberalism and welfare provisions.<sup>1</sup> All three of these characteristics served the same dual aim of providing a comforting peace and offsetting the decline of Europe.

#### **Profound political motivations**

In the contemporary world, it is common to consider peace in Europe as an established fact. However, this was the result of a process of deep rapprochement of European countries and people, supported by member states and realised through the means of collective institutions. The EEC was both the result of this process and an element of it. The core of this dynamic lies in the motivation of the French and the Germans in particular to avoid igniting another war. In a short period of time they had experienced three successive conflicts, the Franco-Prussian war of 1870-1, the First World War of 1914-9, and of course the Second World War in 1939-45, each with a rising death toll. Belgium, the Netherlands, and Luxembourg, their immediate neighbours and frequent victims of the various Franco-German conflicts, also shared this aim. Moreover, Italy and Germany had the common experience of a defeat linked to totalitarianism and the excesses of nationalism. The return to a traditional international order of independent nation-states was no longer considered an efficient guarantee of a lasting peace, even in a new world order marked by the existence of the United Nations and the US involvement in Western Europe. After all, the League of Nations had failed to protect peace in the interwar period and the US had tended towards an isolationist retreat. Thus, some European leaders considered the establishment of specific institutions to deepen European cooperation as vital to promoting peace.



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The specific context of the 1950s – with the decolonization process and the imprisonment of Eastern Europeans behind the Iron curtain – acted as a powerful motivation. It also facilitated discussion as less territories were concerned with and implicated by the negotiations. For the French in particular, European integration represented an opportunity to offset the loss of the colonial Empire, which was well under way in 1957.<sup>2</sup> Syria, Lebanon, Indochina (Vietnam, Laos, Cambodia), Tunisia and Morocco had already gained independence, while the remaining territories were given greater autonomy in 1956 with the Defferre Law. By 1960, most were independent. The status of Algeria alone, where a war of independence had been waged since 1955, remained in flux until 1962. For French leaders, particularly Charles de Gaulle who returned to power in 1958, European cooperation between the initial six countries was considered a lever to bolster French influence in the world. In addition, the Treaty of Rome represented a good balance between the necessity to promote free-trade, and the regulation of its potentially harmful effects.

For the West Germans, the Treaty of Rome represented a political opportunity after the defeat of the Second World War and the traumatic experience of totalitarianism. It allowed them to rejoin the international arena as respectable partners. Italy followed a similar, if milder, process, given its much more limited role in the origins of the Second World War and in the unleashing an unprecedented level of violence. For both countries, the Treaty of Rome was also a good opportunity to foster growth through free-trade, especially since they gained specific economic concessions (see below in section III).

For all of them, the Treaty of Rome also represented an opportunity to offset their relative decline compared to the US and to the Soviet Union. This was not a new situation: many Europeans became aware of the decline of their continent compared to the United States and to Japan in 1918, after the First World War. This dynamic was then accelerated by the Second World War and compounded concurrently with the negotiations of the Treaty of Rome. In 1956, the Suez crisis definitively shattered any remnants of imperial influence for France and Great-Britain. While the latter turned towards the US, the former increased her cooperation with Germany. Almost at the same time, the repression of political movements in Hungary and Poland demonstrated how threatening the Soviet Union was for liberal democracy even after the death of Stalin. Lastly, the launch of Sputnik in 1957 was considered both as a blessing, heralding the human exploration of space, and as a curse, the combination of space technology with the hydrogen bomb signalling a mortal danger for the West.

In sum, for most of the European leaders who negotiated and signed the Treaty of Rome, promoting a new form of international cooperation through European integration was considered the best way to promote a long-lasting peace and to foster economic growth in Europe, as well as to live up to the challenge of the Soviet threat and of US competition. Of course, this analysis was not consensual. Communists (who were numerous in France and in Italy) and right-wing nationalists had always been against European integration. Overall however, a “permissive consensus” united large swathes of the electorate and elites in favour of an enhanced European cooperation.<sup>3</sup> This was reflected in the fact that the Treaties of Rome were quickly ratified. Even the proud national French leader Charles de Gaulle supported it when he came back to power in June 1958. He played a major role in its implementation, earning his credential as another “Father of Europe”.<sup>4</sup>



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### The Community method

The so-called “Community method” was in fact an invention of the Treaty of Paris of 1951 which had created the European Coal and Steel Community (ECSC).<sup>5</sup> Nevertheless, the ECSC had a limited reach, as it dealt only with steel and coal, two sectors whose importance declined once the reconstruction of Europe was over in the late 1950s. In addition, the ECSC institutions remained relatively cautious in the implementation of the Treaty of Paris.<sup>6</sup> By contrast, the EEC was concerned with all sectors, and some actors of European institutions strived to stretch the interpretation of the Treaty of Rome as far as possible.<sup>7</sup> Therefore, the institutional consequences of the Treaty of Rome were much wider than those of the Treaty of Paris.

The “Community method” describes a type of international organization designated by the appellations of “Communities” (the ECSC, the EEC, but also the ill-fated European Defence Community), which had three original features. First, Communities were, and remain, neither intergovernmental organizations, like the OEEC or the FTA, nor fully-fledged federal states, such as Switzerland, the USA or Germany. They blend intergovernmental features – the member states retaining their right to veto for the most sensitive issues – with supranational ones. The latter are visible in the qualified majority voting at the Council, through the role of the Court of Justice, the European Parliamentary Assembly, and most importantly, the Commission. This is precisely the second salient feature of the Community: the major role of an independent institution which has the monopoly to issue proposals to implement the Treaty. The Commission is composed of commissioners designated by the member states, but from whom they cannot receive any instructions. Hence, a German commissioner is not a representative of the German government, but a commissioner of German nationality. This original institution ensures that the European interest has every chance to prevail when the Treaty of Rome is interpreted to create a proposal of European law (called ‘directives’ or ‘regulation’). This does not mean that the Commission alone can decide, as member states can have their say on any piece of legislation during debates in the Council. Third, the Treaty of Rome created a flexible and evolving framework, whereby supranational dynamics could progressively unfold. The qualified majority voting was due to expand in several stages. Articles 2 and 3 EEC set large aims for the Community (see below), and Article 235 EEC enabled the institutions to take over any other field which was not specifically mentioned in the Treaty.

The evolving character of the Community triggered many developments that were not anticipated by the negotiators of the Rome Treaty. In 1965, with the Empty Chair crisis, French President Charles de Gaulle interrupted the momentum towards an increasing use of the qualified majority voting.<sup>8</sup> The creation of the European Council in 1974 reasserted the central position of member states. Conversely, the Court of Justice progressively developed a fully-fledged EEC federal law, while the European Parliamentary Assembly managed to assert its role, not least by becoming a directly elected European Parliament in 1979. Later on, the Treaty of Maastricht (1991) created the European Union and subsequent treaties reformed it. Nevertheless, the three features of the “Community method” of the Treaty of Rome remained at the heart of the institutional development of the Union.

To conclude, the EEC was able to adapt to a changing environment by proposing new pieces of legislation. Conversely, the OEEC which was a purely intergovernmental organization, was devised to facilitate the reconstruction of Europe, and it was not able to adapt to the end of this process. It disappeared in 1960, to be replaced by the Organization of Economic Cooperation and Development (OECD) which was more a think-tank than an effective institution able to implement constraints upon organizations. The Council of Europe was also too



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intergovernmental to be considered as an efficient institution (except in the Human Rights sector from the 1970s onwards) and its membership was too large to produce ambitious outputs.<sup>11</sup> On the other hand, the EEC was more reassuring as it was less federal than the European Defence Community and it was concerned with less controversial topics.

### **An economic balance between liberalism and welfare provisions**

The Treaty of Rome was not a neoliberal Treaty. Detailed historical analysis of the early years of the EEC demonstrates that the Treaty of Rome was negotiated and implemented during its early years through a blend of Christian-democrats (Adenauer, Fanfani), of socialists (Spaak, Mollet), and of conservative politicians who were not neoliberals (De Gaulle). Most of them signed or implemented the Treaty of Rome while at the same time strengthening their national welfare States. They placed an emphasis on the EEC where a more market-oriented alternative, the Free-Trade Area (FTA) was available. The FTA was rejected first and foremost by the French government, but many other actors, such as the European Commission, were equally sceptical. The German Minister of Economy, Ludwig Erhard, who was the most neoclassical and the least enthusiastic about European integration, prioritized the FTA over the EEC. He was, however, outmanoeuvred by Adenauer.<sup>12</sup>

The Treaty of Rome of 1957 proved flexible enough to accommodate many kinds of national economic policies, as its extensive Articles 2 and 3 EEC demonstrate in their objectives. Article 2 promotes a « harmonious development of economic activities, a continuous and balanced expansion, an increased stability, an accelerated raising of the standard of living ». Article 3 lists a series of tasks to complete, with an emphasis either on a market-oriented approach (items a, b, c, f), or on a social-oriented one (i, j, k), with a third category being unspecific as it designated policies which could be implemented in many different directions (d, e, f, g, h).

(See table on the next side.)



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### **Box: the objectives of the Treaty of Rome stated in article 3 EEC**

Article 3: For the purposes set out in the preceding Article, the activities of the Community shall include, under the conditions and with the timing provided for in this Treaty:

- (a) the elimination, as between Member States, of customs duties and of quantitative restrictions regarding the importation and exportation of goods, as well as of all other measures with equivalent effect;
- (b) the establishment of a common customs tariff and a common commercial policy towards third countries;
- (c) the abolition, as between Member States, of the obstacles to the free movement of persons, services and capital;
- (d) the inauguration of a common agricultural policy;
- (e) the inauguration of a common transport policy;
- (f) the establishment of a system ensuring that competition shall not be distorted in the Common Market;
- (g) the application of procedures which shall make it possible to co-ordinate the economic policies of Member States and to remedy disequilibria in their balances of payments;
- (h) the approximation of their respective municipal law to the extent necessary for the functioning of the Common Market;
- (i) the creation of a European Social Fund in order to improve the possibilities of employment for workers and to contribute to the raising of their standard of living;
- (j) the establishment of a European Investment Bank intended to facilitate the economic expansion of the Community through the creation of new resources; and
- (k) the association of overseas countries and territories with the Community with a view to increasing trade and to pursuing jointly their effort towards economic and social development.

The Treaty of Rome is enmeshed in a long tradition of promoters of a unified market in Europe in order to increase efficiency, and hence, growth. Setting up a common market in Europe had been promoted by many moderate politicians and intellectuals in order to emulate the gigantic US internal market. As the image below, captured in a French newsreel of January 1957, demonstrates, the models were both the US and the Soviet Union. Both countries had much larger internal markets than Western Europe, which was compartmentalized into countless smaller national markets. Creating large economic areas was associated with higher efficiency, gains of productivity and resultant economic growth. Even the Soviet Union, despite its communist economy, was considered a model.

By contrast with the British project to set up a mere free trade area, the EEC was a customs union: all external commercial policies were merged into a single one. This implied that in international trade discussions with the US, the EEC negotiated as a unity. Thus, 'the Six' were much more influential negotiating together than each member



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state would have been alone, particularly with the mighty American partners as the subsequent GATT negotiations demonstrated.<sup>13</sup>

No comprehensive European Welfare state was set up. In 1956 the Ohlin report requested by the International Labour Organization considered that the establishment of a common market would naturally unleash growth. Only targeted measures to foster the mobility of workers were deemed useful.<sup>14</sup> They aimed mainly at facilitating the movement of Southern Italians. The harmonization of social legislation was considered as unnecessary, especially since the six founding members of the EEC had roughly the same level of GDP per capita in 1957 (except for Southern Italy), and all of them had rather extensive welfare state provisions. Moreover, most of these welfare states were of the "Bismarckian" kind which meant that the social benefits depended on the type of work performed (as opposed to "Beveridgian" welfare state where provisions are universal). As a result, social benefits varied a lot even within a single state, so harmonizing them at the European level seemed pointless.

Nevertheless, the Treaty of Rome did include ambitious provisions designed to offset the detrimental consequences of free trade. Some of them were general, such as safeguard clauses allowing a country to close its market temporarily. Article 117 EEC was rather ambitious from the social point of view as it underlined "the necessity to promote improvement of the living and working conditions of labour so as to permit the equalization of such conditions in an upward direction". Other provisions were more specific, such as the establishment of a fund to develop "overseas territories" (colonies and former colonies), various articles aimed at favouring the mobility of workers, and the creation of a "European Investment Bank" (EIB) to fund projects especially in less developed regions. The last two measures were especially targeted at Italy's Mezzogiorno, while the first one fulfilled a specific request of the French, who wished to maintain a strong link with their former colonial empire. Lastly, national industrial policies were protected by article 222 EEC which explicitly allowed companies to be state-owned, and by rather ambiguous articles about state aids. West Germany was granted more lenient treatment regarding the monitoring of state aids in areas affected by the division of Germany.<sup>15</sup>

Here again, the Treaty of Rome provided the possibility of flexible implementation susceptible to multiple interpretations including those prioritising market-oriented, social-oriented, or neo-mercantilist objectives.<sup>16</sup> The foundation of a Common European market remained at the core of the process, first with the "Common" market (1958-68), and then with the "Single" Market programme adopted in 1986. This dynamic was completed in stages in various fields: first in agriculture, international trade, and competition policy during the 1960s; then in regional and social policies in the 1970s; in other fields such as, inter alia, environmental law or education (with the Erasmus programme in 1987) throughout the 1980s, and by means of the monetary realm with the creation of the euro in 1999. These developments embodied the European's responses to various needs: from the necessity to increase agricultural production after one decade of food shortage with the Common Agricultural Policy (CAP), to the monetary union as a response to the monetary disorders following the collapse of the Bretton Woods system in the 1970s.

### Conclusion

In conclusion, in contrast to the British project of the Free Trade Area proposed in 1956, the Treaty of Rome offered not only free trade, but also the protection of national welfare states and the promotion of a limited form of a



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European welfare state. Combined with the “community method” and a steady political impetus at certain times, the Treaty of Rome framework constantly adapted itself to external and internal challenges.

All in all, the Treaty of Rome’s success was not predetermined as many other alternative forms of European cooperation had been both in implementation (OEEC, Council of Europe, ECSC) and envisagement (European Defence Community, Free Trade Area). The unique blend of inter-governmentalism and supranationalism on the one hand, and free trade and welfare dynamics on the other, combined with the steady support of influential leaders of different nationalities and political orientation, allowed the EEC to adapt constantly to a changing environment. Its replacement by the EU in 1992, as well as successive institutional innovations and political crises, has confirmed this versatility.

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### Footnotes

<sup>1</sup> This paper is based on a multi-archival work undertaken to complete a PhD (Laurent Warlouzet, *Le choix de la CEE par la France. Les débats économiques de Pierre Mendès-France à Charles de Gaulle (1955-1969)*, Paris, CHEFF, 2011, partially published in English in several articles such as: Laurent Warlouzet, « *De Gaulle as a Father of Europe: The Unpredictability of the FTA's Failure and the EEC's Success (1956-1958)* », in *Contemporary European History*, 20, 4, 2011, pp. 419-434), as well as on other academic books. Among the most useful references stand: Gérard Bossuat, *Faire l'Europe sans défaire la France*, Brussels, Peter Lang, 2005 ; Alan Milward (with the assistance of George Brennon and Frederico Romero), *The European Rescue of the Nation-State*, London, Routledge, 1992; Andrew Moravcsik, *The Choice for Europe: Social Purpose and State Power from Messina to Maastricht*, Ithaca, Cornell UP, 1998; Craig Parsons, *A certain Idea of Europe*, Ithaca, Cornell UP, 2003; Enrico Serra (dir.), *La relance européennes et les traités de Rome*, Brussels, Bruylant, 1989; Antonio Varsori, *La Cenerentola d'Europa ? L'Italia a l'Integrazione Europea dal 1947 a oggi*, Soveria Mannelli, Rubbettino, 2010; and the textbooks of Desmon Dinan, Wilfried Loth and Mark Gilbert.

<sup>2</sup> See on this point: Maurice Agulhon, *De Gaulle. Histoire, symbole, mythe*, Paris, Plon, 2000.

<sup>3</sup> On the permissive consensus: Anne Dulphy, Christine Manigand (eds.), *Les opinions publiques face à l'Europe communautaire. Entre cultures nationale et horizon européen*, Bruxelles, PIE-Peter Lang, 2004 ; Liesbet Hooghe and Gary Marks, « *A Postfunctionalist Theory of European Integration: From Permissive Consensus to Constraining Dissensus* », in *British Journal of Political Science*, 39, 1, January 2009, pp. 1-23

<sup>4</sup> Laurent Warlouzet, « *De Gaulle as a Father of Europe: The Unpredictability of the FTA's Failure and the EEC's Success (1956-1958)* », in *Contemporary European History*, 20, 4, 2011, pp. 419-434.

<sup>5</sup> On the institutional history of European integration, see: Marie-Thérèse Bitsch, *La construction européenne: enjeux politiques et choix institutionnels*, Brussels, Peter Lang, 2007.

<sup>6</sup> See for example in competition policy: Tobias Witschke, *Gefahr für den Wettbewerb? Die Fusionkontrolle der Europäischen Gemeinschaft für Kohle und Stahl und die « Rekonzentration » der Ruhrstahlindustrie, 1950-1963*, Berlin, Akademie Verlag, 2009.

<sup>7</sup> For example federalist politicians but also lawyers: Antoine Vauchez, *Brokering Europe: Euro-lawyers and the making of a transnational polity*, Cambridge, Cambridge UP, 2015.

<sup>8</sup> On the crisis of the 1960s, see: Piers Ludlow, *The European Community and the crises of the 1960s: negotiating the Gaullist challenge*, London, Routledge, 2006.

<sup>9</sup> On the complementarity between the EEC, the OECD and the Council of Europe, see: Laurent Warlouzet, *Governing Europe in a Globalizing World: Neoliberalism and its alternatives following the 1973 Oil crisis*, Londres, Routledge, 2017.

<sup>10</sup> See the reference provided above on the history of the Treaty of Rome.

<sup>11</sup> Laurent Warlouzet, « *De Gaulle as a Father of Europe: The Unpredictability of the FTA's Failure and the EEC's Success (1956-1958)* », in *Contemporary European History*, 20, 4, 2011, pp. 419-434.

<sup>12</sup> Bernhard Löffler, *Soziale Marktwirtschaft und administrative Praxis*, Stuttgart, Franz Steiner, 2002, p. 563.

<sup>13</sup> See: Lucia Coppolaro, *The Making of a World Trading Power. The European Economic Community (EEC) in the GATT Kennedy Round Negotiations (1963-1967)*, Aldershot, Ashgate, 2013.

<sup>14</sup> Lorenzo Mechi, « *Du BIT à la politique sociale européenne : les origines d'un modèle* », in *Le Mouvement Social*, 244, 2013, p. 26.



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<sup>15</sup> Astrid Eckert, 'West German Borderland Aid and European State Aid Control', in R. Ahrens, A. Eckert, (eds) *'Industrial Policy in Western Europe since the 1960s'*, Economic History Yearbook/Jahrbuch für Wirtschaftsgeschichte, 2017, 58, 1, pp. 107-136.

<sup>16</sup> On these three types of Europe - socially-oriented, neo-mercantilist, and market-oriented - see: Laurent Warlouzet, *Governing Europe in a Globalizing World: Neoliberalism and its alternatives following the 1973 Oil crisis*, Londres, Routledge, 2017.