Founding treaties. European Economic Community

On 9 May 1950, in Paris, in a speech inspired by Jean Monnet, Robert Schuman, French Foreign Minister, proposed *that "Franco-German production of coal and steel as a whole be placed under a common High Authority, within the framework of an organisation open to the participation of the other countries of Europe*". That famous declaration marked the beginning of the history of the European Communities.

In 1951 The European Coal and Steel Community (ECSC) was established. In the ECSC Treaty, the idea of a common market was based on free movement of coal and steel between the territories of Member States on 'harmonized' tariffs . It is the successful development of the European Coal and Steel Community that provides the basis for the further development of multilateral integration.

Six years later not only the free movement of coal and steel was possible, but also another four freedoms: the free movement of people, goods, services, and capital. This happened with the signing of The Treaty of Rome, also known as the Treaty establishing the European Economic Community (EEC).

On 25 March 1957, the representatives of the six Member States of ECSC meet in the Hall of the Horatii and Curiatii in the Capitol in Rome to sign the Treaties establishing the European Economic Community (EEC) and the European Atomic Energy Community (EAEC or Euratom). Among the national delegations, the following may be seen (from left to right): Maurice Faure (France), Konrad Adenauer and Walter Hallstein (Federal Republic of Germany), Antonio Segni and Gaetano Martino (Italy) and Joseph Bech (Luxembourg).
Source: Signature des traités CEE et CEEA. Rome: 25/03/1957.

Co-funded by the Europe for Citizens Programme of the European Union

The project "EU: common past, present and future for you4U"is funded under the Grant Decision 2019-1293/001-001

The Treaties of Rome entered into force on 1 January 1958, with a number of amendments to the EEC Treaty. Since then, the name has changed from the Treaty establishing the European Economic Community to the Treaty establishing the European Community. The Treaty establishing the European Economic Community contains 314 texts. The document provides for the removal of trade barriers between the participating countries. At the same time, uniform external tariffs are envisaged, as well as a common trade policy. Most of the contractual terms are dedicated to the goal of creating a customs union and the gradual establishment of a common market. The clauses for the coordination of economic and monetary policy, as well as other areas, such as agricultural, transport or certain aspects of social policy, remain very general. The Treaties of Rome marked the beginning of a process of multilateral integration that completely changed the political, economic and social life of the whole continent. Completely new institutions are being created in terms of type and content, which are different from those of the nation state and unknown in international politics. The European institutions work together in a unique and unrepeatable way.

Hence, the EU's common commercial policy (CCP) emerged gradually during the 12-year transition period, intended to smooth the establishment of the common market (1957-1969), and has continued to evolve since. A CCP was necessary because the Treaty of Rome also created a customs union, which covered all trade in goods, abolished customs duties or equivalent charges between Member States, and set up a common external customs tariff.

The 1990s was a period of many transformations . The WTO was established and multilateral treaties on services, public procurement and intellectual property were developed. In 1988, with European integration gathering momentum, the governments of the EC member states appointed a committee, chaired by Jacques Delors, president of the European Commission, to study the feasibility of complementing the single market with a single currency. After the Delors Report appeared, the EC governments appointed an Intergovernmental Conference to prepare amendments to the Treaty of Rome. The proposed amendments—the Treaty on Economic and Monetary Union—were presented at the Dutch town of Maastricht in December 1991.

Co-funded by the
Europe for Citizens Programme
of the European Union

The project “EU: common past, present and future for you4U”is funded under the Grant Decision 2019-1293/001-001

The Maastricht Treaty proposes replacing the EC's twelve national currencies with a single currency and creating a European Central Bank (ECB). These goals are to be achieved in three stages. Stage I, which began in July 1990, is marked by the removal of capital controls (and attempts to reduce differences in national inflation and interest rates and to make intra-European exchange rates more stable. In Stage II, to start in January 1994, national economic policies will converge further and a temporary entity, the European Monetary Institute, will coordinate member-country policies in the final phases of the transition Stage III, establishing the ECB and giving it responsibility for monetary policy. When Stage III begins, exchange rates will be irrevocably fixed. The ECB will assume control of the monetary policies of the participating countries. It will decide how and when to replace the currencies of the participating countries with the new European currency. It may do so on the first day of Stage III, or it may instruct its operating arms, the national central banks, to intervene to stabilize the exchange rates among their national currencies until these are replaced by a single currency.

Monetary integration is more controversial than the Single Market Program. Denmark rejected the Maastricht Treaty in its June 1992 referendum, and France nearly did the same three months later.

No one questions that there are benefits from using one currency instead of twelve. For one thing, a single European currency will save on transactions costs and removing the uncertainty created by exchange-rate fluctuations will encourage additional intra-European trade and investment.

However, forcing all European countries to run the same monetary policy and to maintain the same interest rates will deprive Europe's national governments of a policy tool traditionally used to address their own macroeconomic problems. Europe had a taste of this problem in 1991 and 1992, when high interest rates in Germany, together with the fixed exchange rates of the European Monetary System that already tied European monetary policies together, drove interest rates up throughout the EC.

Co-funded by the
Europe for Citizens Programme
of the European Union

The project “EU: common past, present and future for you4U”is funded under the Grant Decision 2019-1293/001-001

Forty years after the signing of the Treaty of Rome , another Treaty was signed – the Treaty of Amsterdam. It included a new ('fast-track') provision that allowed the Council, acting unanimously and after consulting the Parliament, to extend the CCP to agreements concerning services and intellectual property at a future date without amending the Treaties. Additionally, the Treaty of Nice further added that institutional provisions of the CCP would also apply to the conclusion of international agreements in services and commercial aspects of intellectual property (IP), except for agreements relating to trade in cultural, audio-visual, educational, social and human health services, which would remain within the shared competence of the Community and its Member States. The Treaty of Nice also provided international agreements in the field of transport to remain outside the CCP . When the Nice Treaty came into force , the EU was composed of fifteen Member States. In less than four years this number almost doubled, increasing its membership to twenty-seven on 1 January 2007. This huge enlargement of the membership of the EU, which had an influence on its institutions, was already in planning when the Amsterdam Treaty and the Nice Treaty were being contracted (between 1996 and 2004).

The new chapter in European history started with the signing of The Lisbon Treaty . The stated aim of the treaty was to "complete the process started by the Treaty of Amsterdam [1997] and by the Treaty of Nice [2001] with a view to enhancing the efficiency and democratic legitimacy of the Union and to improving the coherence of its action" . Furthermore, the new Treaty granted substantially more power in trade policy to the European Parliament. Parliament became a full-fledged co-legislator in the area of trade, having to give its consent to the conclusion of trade agreements and adopt trade legislation under the ordinary legislative procedure. The Lisbon Treaty also reformed the EU's external policy and admitted the interlinkage between foreign policy and international trade.

Useful links and sources of information:

https://www.cvce.eu/en/collections/unit-content/-/unit/d5906df5-4f83-4603-85f7-0cabc24b9fe1/7550d654-18b4-4e04-86d1-9bd3a8dddf5a: The founding of the European Communities
https://www.britannica.com/topic/European-Union/Creation-of-the-European-Economic-Community: Creation of the European Economic Community
https://european-union.europa.eu/principles-countries-history/principles-and-values/founding-agreements_en
https://www.investopedia.com/terms/e/european-community.asp
https://www.econlib.org/library/Enc1/EuropeanEconomicCommunity.html

Co-funded by the
Europe for Citizens Programme
of the European Union

The project "EU: common past, present and future for you4U"is funded under the Grant Decision 2019-1293/001-001