

# Energy as a functional area for European integration

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## Abstract

Energy policy has historically played an important role in the development of the European Union (EU). This study examines the reasons for the choice of coal and atomic energy as the bases for constructing community institutions of governance and analyzes their successes and failures as functional areas of integration.

Functionalist theory has provided the ideological foundations for the European Coal and Steel Community and the European Atomic Energy Community. Functionalist theorists advocate technocracy as the means for overcoming the conflicts inherent in traditional political processes. Coal and atomic energy were chosen as regimes of integration because of their technocratic character and the importance attached to them, respectively, as the dominant energy source of the time and the perceived source of energy abundance in the proximate future. This vision of a process of technical integration paving the way for political union was predicated on the assumption that the political and technical functions of governance could and should be separated. In fact, energy regimes could not be removed from the political context of national governance. Hard energy regimes, which include coal and atomic energy, are technocratic polities which exclude ordinary citizens from the exercise of power and intensify international conflict. Their choice as regimes of integration

bestowed on the institutions of the EC a technocratic character and made it difficult for them to claim political legitimacy.

**Keywords:** European integration history, European institutions, European Coal and Steel Community, ECSC, European Atomic Energy Community, EURATOM, European Union

## **1. Introduction**

Any review of the development of the international politics through time would not fail to notice the continual increase of organization of the global political system. This increase in organization, or integration, is primarily discerned in the increase in the number of formal international organizations but also in the enhancement of their influence, scope and activities (Panke and Starkmann, 2020). The continuing integration of the international political system, however, is also expressed by the changing attitudes of peoples, among whom new senses of community develop. The evolution of such attitudes legitimates international organizations (Tallberg and Zürn, 2019). While this process may not be smooth, may be subject to occasional reversals, and may not even be of a uniform character, it is clearly occurring. This fact has not escaped political theorists who, increasingly, have focused their attention to the phenomenon of international integration (Paul, 2012; Viotti and Kauppi, 1987, pp. 205-213).

International organizations can be considered the nodes of international integration. They are the focal points for the complex processes through which integration takes place. Among the multitude of international organizations, the European Union (EU) stands out as the most integrated system of states. This conclusion can be reached irrespective of the definition or measure of integration used. As such, the EU is an interesting and valuable case on which to base the study of the processes and forces which constitute international political integration (Bretherton and Vogler, 1999; Caporaso, 1974: 2). The European Union is important as a subject of study because it offers a unique setting for the application and refinement of analytical tools for the study of integration. It is also an important subject of study because its existence and path of development has a profound impact on the lives of the close to 450 million citizens of its member states.

We have chosen to study the process of integration in the European Union by focusing on developments in a policy area: energy. We have taken this approach because of the historical importance of energy policy, particularly coal and nuclear energy policy, to the evolution of the Union. Our objective is to analyse the reasons which compelled the founders of the EU to choose energy in general, and coal and nuclear energy specifically, as the policy area upon which to base the foundational structures (institutions, treaties, rules/norms) of the Union. We will also investigate the ways in which this choice affected the subsequent development of the EU.

## **2. Post-World War II attempts for the European integration**

Although attempts at political integration of Europe can be traced as far back as the late middle ages (Hadjilambrinos, 2018), the devastation wrought upon the continent by World War II created a strong impetus for the establishment of supranational European institutions that could prevent such an event from happening again. This impetus for integration manifested itself in numerous civil society organizations that emerged with a mission to promote the process of integration. These included the Union of European Federalists, La Ligue Européenne de Coopération Economique, (both established in 1946), the United European Movement and the European Parliamentary Union (both established in 1947), to name just a few. The political activism of these organizations led to several treaties and formal organizations. These included the 1947 Treaty of Dunkirk between the U.K. and France, which ostensibly was to counter future German aggression but in reality it was to unite the two countries against the Soviet threat (Trachtenberg, 1999), the 1948 Treaty of Brussels, which, essentially, expanded the Dunkirk Treaty to include Belgium, The Netherlands, and Luxembourg (Duke, 2000), and the 1949 Treaty of London, which created the Council of Europe (Gurrieri, 2014).

The Dunkirk and Brussels treaties represented a dead-end in deeper European integration as they were supplanted by the 1949 Treaty of Washington, which created the North Atlantic Treaty Organization (NATO). Even though NATO incorporated governance structures such as a secretariat, a group of permanent representatives meeting at least weekly as the North Atlantic Council, and, even, a Parliamentary Assembly, several factors precluded the organization from meaningful action as a single body. These factors included the clear predominance of a single country—the

United States, the requirement for unanimity for any decision, and the ability of any member state to exclude itself from any NATO action (Beer, 1969; Kaplan, 1954). In any case, NATO was established as a defence alliance, with almost no political integrative agenda (Kaplan, 1954).

In contrast to NATO, the Council of Europe embodied the hope that it would promote political integration in Europe. The organization was negotiated at the Congress of Europe, which, in 1948, brought together almost 750 leading politicians, government representatives, and members of civil society (including Winston Churchill, Konrad Adenauer, François Mitterrand, Altiero Spinelli, and Paul Reynaud among others). Two competing ideologies about integration emerged in the discussions: intergovernmentalism, which favoured the creation of a classical international organization comprised of representatives of national governments and federalism, which favoured a political forum made up of parliamentarians from the member states. In the end, the Treaty of London, which was signed on May 5, 1949, represented a compromise, weighted more on the side of intergovernmentalism:

“The role of the... Assembly was strongly reduced by the intergovernmental element, the Committee of Ministers, [which became] the main decision-making body. The Statute of the Council of Europe even denied the Assembly the right to decide its agenda, as the Committee of Ministers was given the task to approve it”. (Guerrieri, 2014, p. 222).

The deliberations at the Congress of Europe revealed the deep divide between the intergovernmental and federalist camps. The two were even represented by separate, and rival, European parliamentary groups: the federalist European Parliamentary Union, which had been founded by Count Richard Coudenhove-Kalergi in 1947, and the intergovernmental United Europe Movement, which had been created by Winston Churchill and his son-in-law Duncan Sandys (Guerrieri, 2014). A third approach evolved, not to bridge, but rather to circumvent the conflicts apparently inherent in the direct attempt at integration (which immediately targeted political union) that seemed to inevitably become entangled in the political process (Monnet, 1978, pp. 289-298; Schwarz, 1975, pp. 14-15). This approach sought to achieve integration in a narrow policy area, making it easier for nation states to cede some of their sovereignty to a supranational institution. The idea was that, as integration in the original narrow policy area deepened, policy spill-over would require it to also be broadened to adjacent policy areas. This approach was termed “functionalism” (Haas, 1964).

### 3. Energy policy as a functional area for European integration

The narrow policy area (functional area) chosen to build the first supranational institutions for Europe comprised of the closely linked economic sectors of coal and steel. In fact, Europe's coal industry was the first to be targeted for a common management regime with the creation, immediately after the war, of the European Coal Organization (ECO), which first met on May 18, 1945 – 11 days after Germany's surrender to the Allies – and which was formalized on January 1, 1946 (CVCE, 2020).

Coal was a critically important resource in the aftermath of World War II because the continent's economy was heavily dependent on it. Though statistics do not exist for some years after the war, before the war 90% of primary energy in Europe came from coal. In 1950, coal still provided 75% of the Community's energy requirements (Evans, 1979, p. 40). This situation did not change significantly until after 1957 (Lucas, 1977, pp. 1-2). The disruption to labour, as well as the production and distribution infrastructure caused by the war made a coordinated approach to rebuilding the industry a matter of survival (CVCE, 2020).

Steel was also a very important resource for post-war Europe. Steel supplies were necessary for rebuilding Europe's industrial capacity and transportation networks. They were even important for rebuilding housing for the continent's people, especially in urban centres that had been severely damaged by the war. Furthermore, Europe's steel industry was closely linked to the coal industry as steel manufacture requires coal and ownership of coal mines and steel production plants was often in the hands of the same companies (Lucas, 1977).

When the Council of Europe's Committee of Ministers refused to act on the resolution of the organization's Parliamentary Assembly for the creation of a European Political Authority (Res 2, September 1, 1949), as well as on the Assembly's recommendation for the transition to a bi-cameral European Parliament which would fold in both the Assembly and the Committee of Ministers in a body with some real legislative authority (Recommendation 54, November 23, 1950), it became clear that the Council of Europe would not become a vehicle for the political integration of Europe (Sithole, 2013). If the process of integration were to continue moving toward a structure with some real political authority, some new proposal would have to be put forward. This proposal came from France: the Schuman Plan for the creation of a European Coal and Steel Community (ECSC).

Unlike any of the previous plans, treaties, and organizations, which we discussed briefly above, the Schuman Plan had both a narrower objective and deeper focus. The narrowness was both in the scope of competencies and in the geographic reach of the proposed organization. Not only was the ECSC to have control of only two specific economic sectors (the coal and steel industries), but it only needed to include two countries: France and (West) Germany. While other European countries were invited to participate, the organization's creation was not contingent on any other country's participation (Monnet, 1978, pp. 295-296). The depth in focus was manifested in the proposal's design of an institution which would assume direct and full control of participating nations' coal and steel industries. Jean Monnet, who at the time was Commissioner of France's central planning organization, conceived and drafted the plan, and presented it to France's foreign minister, Schuman, to officially put forward. Monnet's original draft of his proposal to Schuman concluded with a passage that states the proposed organization's objectives clearly and succinctly:

"This proposal has an essential political objective: to make a breach in the ramparts of national sovereignty which will be narrow enough to secure consent, but deep enough to open the way towards the unity that is essential to peace". (Monnet, 1978, p. 296)

The proposed European Coal and Steel Community would go on to succeed where previous attempts at European political integration had failed. Its success lay in its design but also in the specific problems it addressed.

The year 1950 did not only signify the end of the hope that the Council of Europe would become the seed for an overarching federal structure with some real political authority. It also signified a significant intensification of the Cold War and brought forth the spectre of armed conflict between Eastern and Western Europe. With the U.S.S.R. successfully testing an atom bomb on August 29, 1949—and the fact of the Soviet Union having nuclear weapons announced publicly by U.S. president Truman on September 23, 1949—the potential impact of such a war was terrifying. The conducting of free elections in 1949 also established the inevitability of West Germany assuming sovereign control of the territory hitherto occupied by the three western allies (the U.S.A., France, and the U.K.). Furthermore, the establishment of NATO made clear the intent by the U.S.A. to engage western European countries in a military built up to counter the Soviet

threat. Consequently, the re-building of West Germany's military was an almost foregone conclusion (Soutou, 2001).

These facts were especially salient for France, which was concerned both about German military resurgence and access to Germany's coal and industrial resources. After all, France had fought three major wars with Germany in the span of less than 80 years. In the conclusion of the third – World War II – it made sure that it secured access to the resources necessary for its own reconstruction by establishing the Saar Protectorate, which was under its direct control, and by being able to exert influence in the Ruhr region through the allied-controlled International Authority for the Ruhr. The re-establishment of German sovereignty was seen by France as a major threat to its interests (Soutou, 2001).

Monnet, in fact, developed his proposal for a Coal and Steel Community primarily as a solution to France's dilemma at the prospect of Germany's political and military rebirth (Monnet, 1978, pp. 288-316). Coal and steel held both real and symbolic value for the two countries:

“The joint resources of France and Germany lay essentially in their coal and steel, distributed unevenly but in complementary fashion over a triangular area artificially divided by historical frontiers. With the industrial revolution, which had coincided with the rise of doctrinal nationalism, these frontiers had become barriers to trade and then lines of confrontation. Neither country now felt secure unless it commanded all the resources – i.e., all the area. Their rival claims were decided by war, which solved the problem only for a time – the time to prepare for revenge. Coal and steel were at once the key to economic power and the raw materials for forging weapons of war. This double role gave them immense symbolic significance, now largely forgotten, but comparable at the time to that of nuclear energy today. To pool them across frontiers would reduce their malign prestige and turn them instead into a guarantee of peace”. (Monnet, 1978, p. 293).

The relationship between energy, industrial development, and international conflict might have manifested most strongly between France and Germany in Europe in 1950, but it is a relationship that transcends both space and time. Placing the coal and steel industries under the control of a supranational organization was, therefore, appealing to other countries as well. Italy, Belgium, the Netherlands, and Luxembourg accepted the invitation of French foreign minister Schuman to join France and West Germany in the negotiations and on April 18, 1951 these six countries signed the Treaty of Paris establishing the European Coal and Steel Community.

Monnet's original idea, embodied in the Schuman Plan, included only two institutions: a High Authority with full power to make decisions about the member states' coal and steel industries and a Consultative Committee, which would advise the High Authority and serve as a conduit for dialogue between it and the industries it was to control. The Committee was to be made up of representatives from labor unions and trade/industrial associations to be selected by those constituencies and not national governments. During the negotiations, however, a further three institutions were added: a Parliamentary Assembly (whose members were to be selected by the national assemblies of the member states), a Court of Justice, and a Ministerial Committee (whose members would be delegates of the national governments with ministerial rank). The Assembly and Court were included as a result of pressure from the European Federalist movement. And the Ministerial Committee was insisted upon by Belgium and the Netherlands (Hadjilambrinos, 2019).

Despite the inclusion of these three institutions, the High Authority retained almost exclusive policymaking power. In matters in which it was given authority by the Treaty (setting production quotas for coal and steel, setting tariffs to coal and steel imports from outside the Community, creating a common market for these commodities), its decisions were binding and immediately enforceable in the member states. The Treaty specified that the High Authority was to be comprised of nine members. Eight were to be nominated by individual member states while the ninth, who was to be the body's president, was to be nominated by the other eight. The body was to be appointed *en bloc* by the governments of the member states, acting through the Committee of Ministers (Spierenburg and Poidevin, 1994, pp. 43-66).

Only a decision by the Court of Justice could have an impact on the High Authority's decisions. The Assembly's only real power was to be able to dismiss the High Authority *en bloc*. Otherwise, its function was to propose matters for consideration by the High Authority and the Committee of Ministers. The Committee of Ministers only had authority in areas outside the jurisdiction of the High Authority. Its principal role was to harmonize actions by the national governments in areas that were affected by the establishment of the common market in coal and steel (Hadjilambrinos, 2019).



#### **4. The ECSC as springboard for further integration**

When the Paris Treaty came into force on July 23, 1952, Europe was still in the grip of the post-war energy shortage. Coal, accounting for 74 percent of the energy supply of the six original member states, was in short supply and expensive (Hallstein, 1973, pp. 215-216). Apart from its federalist goals, the ECSC was meant to accomplish:

“...not only the removal of trade barriers – both customs and quotas – and the elimination of all forms of price discrimination, in transport as well as in the basic products, but also ensuring fair and undistorted competition under strict rules, by removing both private and governmental restrictions, so that the common market led to increased supplies and lower prices”. (Palmer and Lambert, 1968, p. 266)

These goals were technical and economic in nature, designed to increase the productive efficiency of the industries under its jurisdiction (coal and steel) and, therefore, were consistent with the prevailing national interests of the member states – increased energy and other commodity supplies, price stability, and increasing employment. Additionally, the ultimate functional objectives of the ECSC, increased supplies and lower prices, were clearly consistent with the ideological foundation of the national energy sectors, as their attainment provided the means for increased coal consumption.

The perception of the people and the governments of the member states that energy was scarce and expensive lasted through 1956 and 1957. In 1956, the Second Arab-Israeli War and the invasion by the U.K. and France of the Canal Zone, resulted in the closure of the Suez Canal. At that time about two thirds of Western Europe’s oil supply passed through the Canal (Yergin, 2009, p. 462). Its closure, which lasted until March 1957, heightened the perception of energy scarcity and led the High Authority to plan further increases in coal-mining capacity (Lucas, 1977, p. 29). These conditions facilitated the completion of the single market in coal (Palmer and Lambert, 1968, pp. 267-268) because they permitted the ECSC to operate within the same parameters as the national energy regimes. In other words, the ECSC appeared to be able to meet its member states’ energy requirements as well, if not better than their national regimes had done: it allowed national coal industries to expand (thus promoting security of supplies and employment), it produced more and cheaper coal, and it adhered to the same ideological principles of technocratic control, efficiency, and increased energy consumption.

This enabled policymakers to continue with the establishment of new supranational regimes, based on the ECSC model. The first proposals were, again, a direct attempt for political union. The governments of the six ECSC member states negotiated and, in 1952, signed a treaty to establish a European Defence Community (EDC). Also, in 1952, the ECSC Parliamentary Assembly presented a proposal for a European Political Community, which would join the EDC and ECSC, would have a Parliament directly elected by the people, and a Senate appointed by the national parliaments. When the French parliament failed to ratify the EDC treaty, it became clear that direct political integration was still premature. Jean Monnet decided that the indirect approach, of first integrating functional areas of the national economies would still be the only approach with a chance to succeed.

The success of the ECSC gave him the impetus to continue moving in that direction. In 1955, he created the Action Committee for the United States of Europe, bringing together union leaders and the heads of the Christian-Democrat, Liberal, and Socialist political parties of the six ECSC member states. His belief was that conditions were ripe for the expansion of community institutions to promote independent European development of atomic energy: "The United States of Europe means: a federal power lined to the peaceful exploitation of atomic energy" (Monnet, 1955).

Monnet's idea for the creation of a European Atomic Energy Community (EURATOM) was based in the belief that coal would continue to remain the prime energy source for European industry for several years into the future, and that nuclear power would be available in time to replace it. Continuing increases in the demand for energy made the expansion of coal production possible. The role of the ECSC in this climate of continuously increasing energy consumption was to regulate prices and control the coal producing cartels, to maintain a steady and "fairly" priced coal supply for its six member states. This role was not seriously challenged by anyone since the cartels were mostly German and the government of the Federal Republic of Germany had committed itself to free market policies. While atomic energy was an area in which the ECSC six had very little activity, Monnet believed that, sooner or later, they would need to either catch up to the United States and the Soviet Union or be left behind. Pursuing independent and conflicting national atomic energy development policies would repeat the errors of the past that the ECSC had been trying to address since its inception (Monnet, 1978, pp. 400-446).

Even before the establishment of the Action Committee for the United States of Europe, Monnet had discussed his ideas with French political leaders and with Paul-Henri Spaak, Belgium's Foreign minister. Spaak convinced him that an atomic energy community would not be feasible outside a broader European common market, and they worked together to draft a proposal for both. After obtaining the agreement of the governments of Belgium, the Netherlands and Luxembourg, as well as that of France, on May 1955, Spaak presented this proposal for a European Atomic Energy Community and a European Economic Community under the name "Memorandum from the Benelux Countries to the six ECSC Countries". This memorandum was to serve as the basis of negotiations among the six at the Messina Conference in early June 1955 (Monnet, 1978, pp. 402-404). At the end of that conference, the governments of the six countries authorized an intergovernmental committee to put forth a concrete proposal for institutions, competencies, and processes for the establishment of a common market designed to move toward complete economic integration. Paul-Henri Spaak was appointed to lead this committee, which, on April 21, 1956 produced a report proposing the establishment of two new communities: a European Economic Community (EEC), and a European Atomic Energy Community (EURATOM).

The so-called "Spaak Report" incorporated the lessons on international cooperation learned through the experience of the ECSC and suggested a process that was tenable:

"The guiding principle behind the Spaak Report was to answer the simple question of what the member states should do to promote European economic integration. The experts succeeded in providing theoretically simple answers that were above all capable of being put into practice. The Report set out a comprehensive structure of aims and means that was based only to a limited extent on theories of integration. Instead it relied more on the practical experience of international co-operation and generally recognized values and principles of economic practice. It proposed that an overall integration of the economy should be the aim except for the atomic energy sector, for which a separate organization was to be created. The experience of the Coal and Steel Community showed that the process of partial integration had already reached the limits of its possibilities within only a few years and could therefore no longer provide a new impetus for the aim of overall integration. Economic integration would only hold

promise for the future if it were not just individual sectors but the whole of the economy that was included". (Küsters, 1989, pp. 85-86)

Energy had an important position in the Spaak Report, not only because of the suggested creation of an organization which would direct the development of nuclear energy in Europe but also because of the concern over gas and electricity. In its last section, considering specific sectors for which action in "vertical integration" would be required, the report identified the need for comprehensive planning for electricity (produced mainly in coal-fired plants) and coal-based gas production (Lucas, 1977, pp. 14-15). The objective of the energy provisions of the report was not only the promotion of a nuclear industry in Europe, but also the facilitating of a smooth transition of the whole economy from a coal to a nuclear base (Lucas, 1977, p. 14).

### **5. EURATOM: High hope and disappointment**

The Action Committee for the United States of Europe, headed by Monnet, played an important role in the negotiations that followed the Spaak Report and which, eventually, resulted in the Treaties of Rome establishing the EEC and EURATOM. The Committee's objective for a supranational atomic energy regime was to create the conditions for the development and exploitation of this form of energy in Europe while ensuring that the community of nations participating in the process remained free of nuclear weapons. This objective was supported by all six ECSC member states, albeit with important reservations on the part of France. These reservations ultimately became the source of conflict between France and its partners, and this conflict resulted in the ultimate demise of the EURATOM regime.

Because of the relative scarcity of indigenous energy resources, France looked upon nuclear energy as the means to remain a major power, both in the socioeconomic and military sense (Camilleri, 1984, pp.18-20). Alone of all six ECSC partners negotiating the EURATOM treaty, France was firmly committed to the development of military nuclear applications. Although this commitment was never affirmed publicly during the negotiations, the position of the French was that while the proposed Atomic Energy Community should be assigned the task of promoting the peaceful uses of atomic energy, it should have no authority to interfere with efforts by the member states to develop nuclear weapons (Polach, 1964, pp. 63-65). The National Assembly, even over the objections of the prime minister Guy

Mollet, was determined to protect France's right to pursue her national atomic program and produce and use atomic weapons for national security (Ballet, 1956).

France saw in EURATOM an opportunity to advance its national objectives and showed a great degree of interest in its establishment, but only if the Community could be organized on France's terms (Camilleri, 1984, p. 33; Polach, 1964, p. 64). France was determined to use EURATOM to promote the independent development of its own civilian nuclear program. It also wanted to insulate the programs of the other Community members from the prospect of domination by the U.S. or the U.K.:

"The more comprehensive and systematic approach to nuclear policy adopted by the French state combined with the more explicitly nationalist formulation of military, economic and technological objectives to produce a distinctively French attitude to the question of European institutions... The French concept of integration was inspired not only by the vision of European independence *vis á vis* the United States but also by the desire to secure France's own lines of reactor development and to create a western European market for the emerging French atomic program". (Camilleri, 1984, pp. 30-31)

In addition, the French, always afraid of German development, especially in areas of military significance, considered the proposed supranational atomic energy regime as a means of monitoring and maintaining some level of control on German atomic development. Though not openly acknowledged, this was perhaps the most important reason that France supported EURATOM monopoly and ownership of nuclear materials for civilian uses (while sternly opposing such authority over military nuclear materials) (Polach, 1964, p. 66; Ballet, 1956).

All these concerns of France were based on the conception that any nuclear regime should be able to promote both the Community's and the nation's security. The nuclear industry's ability to be a possible direct supplier of weapons for national defence placed obvious limitations on its supranational scope. The supranational regime could only be allowed to concern itself with the promotion of the Community's energy security through the development of the characteristics common to all hard energy regimes (a cheap, abundant energy resource, secure from outside interference). These concerns, however, isolated France from its Community partners. The predominance of national security considerations, the pursuit of national prestige, and the continued anxiety over Germany breached the

ideological foundations of the process of integration that EURATOM was supposed to promote. From its gestation, the new Community was beset by suspicion (Bupp and Derian, 1978, pp. 24-26).

In contrast to France's strong and explicit interests in EURATOM, the five other ECSC states were more interested in the creation of a Common Market and the creation of supranational institutions than in the provisions of the proposed atomic community. Furthermore, while none, at the time, viewed nuclear energy with disfavour, they were not nearly as committed to nuclear energy as France was (Küsters, 1989, pp. 87-91). Germany, for example, regarded nuclear research to close the perceived "technology gap" between itself and the U.S.A. in not only nuclear, but also electronics, material, and quality control technologies (Lucas, 1985, pp. 197-198). The consequence of this was that the five made concessions to French demands on the EURATOM treaty in order to gain French approval of the EEC treaty. As a result, EURATOM was denied any control over military nuclear programs, was never invested with any authority over the national utility industries, nor over national energy policy-making institutions. The only effective means for implementing its objectives was research, and even there its power remained limited by the requirement for unanimous decisions (Camilleri, 1984, p. 33).

This is not to say that EURATOM did not possess some extensive powers. Its objectives included the establishment of a nuclear common market and it was given the authority to establish common standards for nuclear technology, to promote investment in nuclear power projects, and even to promote and participate in common nuclear enterprises (Polach, 1964, pp. 73-95). The member states were supposed to transfer their bilateral foreign nuclear agreements to EURATOM which was given the authority to negotiate subsequent agreements for the Community as a whole in order to be able to coordinate a common nuclear policy (Polach, 1964, pp. 96-98). Finally, EURATOM possessed the power to control all fissile materials not intended for military purposes through its joint Supply Agency (Polach, 1964, pp. 76-85). The position of France during the negotiations for the Treaty may have weakened EURATOM, but the goal of establishing a supranational nuclear regime still seemed possible.

Conflict among France and its five partners, however, continued after the establishment of EURATOM. The Community and the member states except for France promoted the use of U.S.A. nuclear technologies (Bupp and Derian, 1978, pp. 27-29). The French accused the other member states of

purposely bypassing French nuclear techniques and depending on outside (namely U.S.A.) expertise rather than on indigenous, Community technologies. The other countries accused France of being interested in the Community “only as a means of expanding her own atomic plans” (Polach, 1964, p. 129). Being suspicious of French aims and, also distrusting the ability of the Community to meet their own national objectives in as satisfactory a way as their national energy industries, they refused to transfer their bilateral nuclear agreements to EURATOM.

Like the rest of the hard energy regimes, the nuclear regime had serious implications for national industrial, economic and military power and prestige. Because of the possibility for direct military applications, and the image of nuclear weapons as the ultimate weapons, the hard regime characteristics of the nuclear regime were even more pronounced. While these characteristics gave the regime its appeal as a functional area for political integration, they, at the same time, made it impossible for it to play its intended role because they gave rise to the strongest nationalist aspirations. Having been weakened at its inception by the preoccupation of France with its own international status, EURATOM was beset with conflict among the member states arising out of the distrust exhibited by France.

Within a year of its founding, the Atomic Energy Community's significance for European integration had already been seriously impaired as member states chose to pursue other options for nuclear development (Polach, 1964, p. 115). Having been denied any real power in the area that mattered the most (to make plans and set targets for nuclear expansion), it was never possible for EURATOM to harmonize “designs of reactors, procedures for licensing, standards of safety and quality control” (Lucas, 1977, p. 42), and was, thus, never able to become a true supranational regime. Nuclear development in EURATOM member states remained the prerogative of the nation states themselves. This enabled the states to maintain varying levels of commitment to nuclear energy and EURATOM. By failing in both its direct functional goal (to create a supranational regime pursuing a common nuclear energy policy) and its indirect political goal (to converge national political governance ideologies and processes, pursuant to ultimate political unification), EURATOM failed as a functional regime of integration.

## 6. The decline and demise of the ECSC

The Treaties of Rome establishing the EEC and EURATOM were signed by the six ECSC member states on March 25, 1957. They were ratified and came into force on January 1, 1958. As we have already discussed, these developments took place in an environment of expanding economic activity and increasing energy demand. This situation drastically changed toward the end of 1958. As a global recession, which began in the U.S.A., took hold in Europe, industrial activity slackened and this, combined with a mild winter, caused the demand for energy to fall for the first time since the war. The Suez Canal had already re-opened. The use of large tanker ships and pipelines, which had started to become significant at this time, provided new venues, not dependent on the Suez, for the transportation of oil to Western Europe. The entrance of the Soviet Union into the oil market decreased Europe's dependence on Middle Eastern oil. Oil became cheaper and its supply as dependable as that of coal and, so, its usage continued to increase. Along with these trends, the use of imported coal was continued because of the long-term contracts already in effect. As a result, "the effect of the slight fall in total energy consumption was amplified many times on the indigenous coal industry." (Lucas, 1977, pp. 29-30).

These developments put the great strain on the ECSC for it was no longer able to meet the national demands for coal industry employment protection as well or better than national coal regimes. Invoking the powers granted it by the treaty to enable it to deal with crisis situations, the ECSC High Authority sought to place production quotas on national coal industries as a prelude to restructuring them in order to make Community coal competitive in the global market. The Council, failing to reach the required unanimous agreement, blocked the High Authority from proceeding with these measures (Curtis, 1965, p. 143; Palmer and Lambert, 1968, p. 268). As most of the coal mines which could remain competitive in the world market after reorganization were in West Germany, the High Authority's proposal was perceived as a threat to other national coal industries. The ECSC was unable to provide an acceptable level of security for these industries, and the loss of large numbers of jobs in the coal-mining sector raised the prospect of serious disturbance to the national economies of Belgium, France, the Netherlands and even Germany (Lucas, 1977, pp. 31-33; Curtis, 1965, pp. 143-144).

The only measure of relief the ECSC could offer within the context of a common coal market and industry was the imposition of common barriers to



coal and oil imports. This response, however, which was part of the High Authority proposal for the restructuring of the coal industry, was contrary to the objective of low energy prices. Italy, with no national coal industry to speak of, and France, having decided that low oil prices were more important to its national economy than protection of its coal industry, were against these measures (Lucas, 1977, p. 32).

In creating the ECSC, the member states' governments had expected it to meet the "old" national (i.e., security of production, price stability, and protection of employment), as well as the "new" super national challenges (i.e., market liberalization, expansion of European integration). It was not perceived that there could be a serious conflict among them. This failure was reflected in both the response to the coal crisis, and the Treaty of Paris itself:

"Problems of this magnitude were not foreseen when the Treaty was drafted, when it seemed essential to avoid delays in production and to contribute to general economic expansion. The safeguard clauses in the Treaty were available to deal with emergencies, but not with the consequences of major structural or economic changes. For the High Authority the only long-term solution would be control over appropriate structural development, and a concern with specialization and lowering of costs rather than with the development of production. But the powers given to the ECSC are not appropriate for this, and the Treaty limits very strictly the scope for initiative by the institutions". (Curtis, 1965, p. 143)

As the market for indigenous coal contracted and the crisis ensued, the six member states reacted in the way that had been customary, unilaterally: each one according to its conception of its own interests. The only alternative would have been to cede even more power to the supranational institutions (i.e., control over appropriate development of the coal industry), and this they were unwilling to do (Lucas, 1977, p. 33).

While the conflict of interest among France and Italy on one side, and Belgium and Germany on the other was indeed a factor in preventing common action, the fact that Germany also voted in the Council of Ministers against the application of Article 58 of the Treaty which provided for the establishment of production quotas and quantitative restrictions on imports by the High Authority, means that the primary factor was concern over interference with what were perceived as sovereign affairs. National energy industries (coal and petroleum, insofar as the High Authority's proposals would have affected oil prices) were considered too critical for the ECSC to be permitted a controlling role. The extraordinarily high importance attached

to energy industries by the national governments is highlighted by the response to the crisis in the steel sector. In 1962-1963, the steel industry of the Six faced a crisis with characteristics very similar to those of the previous coal crisis. Although national interests were divergent and agreement could not be reached in the Council, the High Authority was able to assert in full the powers granted it by the Treaty to raise tariffs and set quotas against imports from outside the Community (Curtis, 1965, pp. 145-146).

The responses of the national governments of France and Germany in particular, make it evident that they lacked an unequivocal commitment to the ECSC. While this lack of ideological commitment was critical, it is at least conceivable that had the supranational regime been able to appeal directly to the citizens of the Community, it might have been able to challenge the position of the national governments. The political accountability and political legitimacy of the ECSC, however, were not commensurable with the authority relegated to it. Its structure provided no means for the citizens of the member states to have access to the policy-making process. The Assembly was not elected directly and, in any case, had no effective powers other than to dismiss the High Authority. The Consultative Committee which was supposed to provide a "stimulus to interest groups to participate directly in Community discussions, from which support for policy proposals would flow," never played a significant role (Wallace et al., 1977, pp. 42-43), being limited to an advisory capacity and having no power to influence the High Authority.

In having been designed primarily as a technocratic regime, the ECSC was not responsive to the needs of various political constituencies and did not have any means of directly appealing to them. The groups adversely affected by the crisis were not able to have their voice heard by the High Authority, and, in any case, were not accustomed to pursuing this venue. Thus, it should not be surprising that they directed their request for relief action to national governments who, since they could refuse to implement its policies, had the only effective means to control the High Authority. As a result, the national governments maintained their monopoly as representatives of the interests of their citizens. Finally, it should not be surprising at all that, as the situation devolved into a conflict between the High Authority and the Council, the ECSC was not able to pursue a coordinated policy.

As the Community was deprived by the national governments of any means of direct action for the solution of the problems of the coal market, the

supranational coal regime was effectively destroyed. The common coal market disappeared in short time, the concept of a common coal industry became meaningless, and the High Authority was allowed to exercise the supranational powers conferred on it by the Treaty only when it could obtain the consent of the member states. Subsequently the role of the ECSC has been limited to coordinating efforts to alleviate the social effects of restructuring of national coal industries, funding research, and receiving information on national policy initiatives with only limited ability to influence decisions in this area (Wallace et al., 1977, pp. 179-181).

In response to the coal crisis, the High Authority was able to only take actions which isolated national coal industries from one-another, in effect resurrecting the national coal regimes. Following the crisis, it (and, after the merging of the three Communities, the Commission) continued efforts to remove trade barriers for coal such as restrictive practices and national subsidies. It had very limited success in this endeavour, and the common market for coal did not re-emerge (Nugent, 1989, p. 35). Ultimately, the Paris Treaty could expire in 2002, and the ECSC ceased to exist in any form.

## **7. Limitations and failures of energy as a functional area for integration**

As we have discussed, the origins of the European Union (rooted in the Paris and Rome treaties) are firmly grounded in functionalist theory of integration. The process of transfer of authority described by David Mitrany in his formulation of this theoretical framework is identical to the pragmatic approach proposed by Monnet in his plan for the European Coal and Steel Community (ECSC):

“Sovereignty cannot... be transferred effectively through a formula, only through a function. By entrusting an authority with a certain task, carrying with it command over the requisite powers and means, a slice of sovereignty is transferred from the old authority to the new; and the accumulation of such partial transfers in time brings about a translation of the true seat of authority. If that had been the considered process in the domestic sphere, is it not still more relevant in the international sphere, where even the elements of unity have to be built up laboriously by this very process of patient change?” (Mitrany, 1966, p. 9)

This theory, however, is based on the differentiation of governance functions into “technical” and “political”. Functionalism envisages the integration of only the former functions and, therefore, does not require the

transfer of political authority to supranational institutions. The character of such institutions would be essentially technical, and their tasks, under this model, would be to advance social welfare and would theoretically remain largely non-political.

The original proposal for the establishment of the ECSC (put forth by Jean Monnet) centered on the establishment of an international authority, with the possibility of legal control only hinted at, and no mention whatsoever either of a parliamentary assembly or of a council of ministers. This proposal followed closely the functionalist model of integration although Monnet's repeatedly acknowledged objective was political integration. Despite of the fact that a court, a parliamentary assembly, and a council of ministers were added to the institutional structure of the ECSC during the negotiations leading to the establishment of the Community, the impact of the assumptions underlying the theory of functional integration was significant in determining the functional areas chosen, and the character and relationship of the institutions of the ECSC.

Reflecting the fundamental assumptions and beliefs underlying this theoretical framework, much of the early hope and effort for the creation of supranational structures in Western Europe centered on the integration of the energy industries and policies of European nations. The institutions of the ECSC sought to integrate the coal and steel industries and policies of the Community's member states. These functional areas were chosen because of the importance of coal and steel to national industrial and military power, and because their resource and industrial base, largely located in the regions along the French-German border, had long been contested by the two countries.

The EC framework was extended in 1957 to include the European Economic Community (EEC) and the European Atomic Energy Community (EURATOM). During the time leading to their establishment, EURATOM rather than the EEC was viewed as the institutional setting best able to become the focal point and promote the process of integration. The field of energy in general, and atomic energy in particular, was considered as the most solid and far-reaching area for the continuation of the process of integration, primarily because of its implications for economic and military power: "The institutional implications of the common market [EEC] are, at present, more tentative and less far-reaching than those in the atomic energy field..." Furthermore, the atomic energy program was considered an

“essential attribute of power in the modern world” (The Economist, 1955, pp. 633-634).

As the chosen functional areas of integration were primarily technical, the character of the institutions responsible for initiating and carrying out policy, the ECSC High Authority and the EEC and EURATOM Commissions, was technocratic. Furthermore, the High Authority had a position of great prestige and power relative to the Council of Ministers and, even more so, relative to the Common Assembly within the ECSC structure (Urwin, 1991, pp. 43-57). These characteristics of the institutions of the EC reflected the tenets of the theory of functional integration and, as energy and energy policy had been chosen as a primary functional area of integration, they paralleled the characteristics of the energy regimes dominant in Western Europe during the 1950s.

Most of the energy industries in the six member states of the ECSC had developed into centralized, technocratic, large-scale systems by the end of World War II. The energy industries had come to rely primarily on fossil fuels—coal and petroleum. This was a consequence of their having to meet the challenge posed by the industrial revolution which took place in Western Europe during the second half of the nineteenth century. The industrialization process required energy systems which could deliver increasingly larger and more concentrated amounts of energy. Complex technologies were required to extract and utilize these resources, and most energy industries came to be dominated by large, hierarchically structured organizations, controlled by a technocratic elite. As a result of the strategic importance of energy in modern industrial societies, the emergence of nationalism resulted in the increasing involvement of national governments in the development and operation of national energy industries. These developments placed increasing emphasis on the political characteristics of energy by making it an important element of the distribution of power, both among nations (at the international level), and among social groups (at the national level).

As energy increased its importance as an element of national power and prestige, the energy industries were placed outside the market mechanism. The energy industries claimed the possession of exclusive technical knowledge which would allow them to provide ever-increasing amounts of energy at ever-lower cost to the emerging industrial societies of Western Europe. Because of these claims, they managed to secure the protection, and minimal interference, of the state in each of these countries. Thus, most of

Western Europe's energy industries developed into national regimes of governance where decisions with far-reaching consequences for the lives of large numbers of people were delegated to small technocratic elites. The choice of energy as the primary functional area for the pursuit of Western European integration required the transformation of national regimes into supranational regimes of governance. Importantly, both the justification for the functional approach to integration, and the character of the national energy regimes, required that the new supranational regimes be controlled by technocratic institutions and pursue functions ostensibly technical, but, clearly, ultimately political.

The reasons for the choice of energy in general, and coal and atomic energy, as the basic functional area at the early stages of the development of the European Community, are discussed in detail above. We have argued that the same characteristics which lent this area its apparent appeal, rendered it ultimately inappropriate as a functional area for political integration. The strategic importance for economic and military power assigned to energy and the role national energy regimes had historically played in the conflicts among the Western European nation-states meant that the political characteristics of these hard regimes predominated and were such that promoted conflict rather than cooperation among the Community's member states. The dominant national energy regimes were too bound up with vital national interests for the member states to allow their integration into supranational regimes. Furthermore, the continued prevalence of these (hard national energy) regimes continued to precipitate conflict among the Community states, posing a continuous threat to the process of integration.

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