

Three years later, in October 1972, the six heads of government met again, this time in Paris and with their three colleagues from the acceding countries (Britain, Ireland and Denmark), the enlargement negotiations having succeeded in the interim. This "summit", which appears in retrospect to represent the high-water mark of faith in an almost automatic process of European construction, reiterated the Community's determination "irreversibly" to achieve an economic and monetary union and affirmed the intention of the nine governments "to transform before the end of the present decade the whole complex of their relations into a European union". EMU had thus become the touchstone of progress in the construction of Europe.

The basis for the Economic and Monetary Union was laid in two Community decisions taken early in 1971 and a year later. The main symbol of European unity was to be the progressive narrowing of the margins within which the currencies of the member countries might fluctuate against each other (with a view to the eventual creation of a European currency), and this was strengthened by an elaborate action program designed to ensure gradual integration of monetary and conjunctive policy. Measures relating to fiscal policy and capital movements were proposed, and institutional innovations were envisaged.

Economic downturn

Unfortunately, these good intentions were overtaken by a dramatic change in the world's economic weather, the first intimations of which occurred within months of the first Community decision. In May 1971, the *Deutschmark*, rising through the permissible margin of fluctuation, was allowed to float by the German Government. This setback was followed a few months later by the United States balance-of-payments restrictions of August 15, which heralded a new era of difficulty and instability in the world economy. This change was an unforeseen and ironic calamity at a time when the easier stages of European integration had been completed and the adventure into the unknown was about to begin. It was to test not only the vaunted "irreversibility" of the Customs Union but the validity of faith in a political destiny for Europe.

Throughout 1973, the indices of economic activity and of inflation deteriorated together, and towards the end of the year the energy crisis, precipitated by the price and production policies of the OPEC countries, shook an already harassed

world. By then it was evident that a comprehensive program for European construction adopted at the Paris "summit" was unrealistic, and that even the intermediate goals could not be achieved on schedule. While the next "summit", held in Copenhagen in December 1973, reasserted the need for rapid progress towards EMU, it called for an acceleration of work towards European union, there seemed to be something *pro forma* about the declaration. Most attention was focused on the urgent and divisive problem of assuring adequate energy supplies for Europe. A series of setbacks followed during the next month, dramatized by France's withdrawal from the EMU currency arrangements and the Italian balance-of-payment restrictions which were widely regarded as contrary to the obligations of the Rome treaty. The developments "put paid", for the time being, to the scheme for EMU and gave rise to serious fears for the integrity of the Common Market.

We now know that the EEC survived these threats to its existence and that European union (though it has never been very clearly defined) remains the accepted goal of Europeans. What has changed under the impact of economic difficulties and of political developments that have revealed the vulnerability of the Community to world trends over which it has little influence, has been the tacit acceptance of the scheme for Europe established more than a decade and a half ago. There has also been a fortuitous change of place with the disappearance from the political scene of President Pompidou and Willy Brandt, accompanied by a realignment of forces within the Community brought about by enlargement.

Debate renewed

Both the ends and means of European construction have been the subject of a sharp debate throughout the period and it is, perhaps, a healthy sign that this was actively renewed once it is clear that the Common Market must survive the difficulties of 1973-74. The debate about ends centred on the old argument concerning supra-nationality, that about means took place between the traditionalists, the advocates of economic gradualism, and those who thought that recent events had discredited this approach and advocated a "leap in the dark" — a decisive exercise of political will to establish a European political entity, the details of which could be worked out in leisure. If the governments of the Community were listening, they did not allow the debate to influence their conduct unduly.

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