CHAPTER 4

Organizing Postwar Europe

PREVIEW

War and conflict have for centuries been part of the fabric of Europe, prompting philosophers to develop numerous plans for bringing peace to the region, but finding their suggestions falling mainly on deaf ears. The tensions among Europeans deepened during the nineteenth century as nationalism burgeoned and great power competition paved the way for two world wars. Before those wars, all the great world powers had been European: their empires circled the globe, they dominated global trade, and their banks, financial institutions, armies and navies faced few serious challenges. But their power and influence now suffered a shattering blow.

Europe embarked on peace in 1945 with most of its economies devastated, its political systems destabilized, its colonies agitating for independence, and its states distrustful of each other and threatened by a new kind of Cold War between two external powers: the United States and the Soviet Union. Europeans had tired of violence, and sought ways to make future conflict impossible, but while there was support for the idea of European cooperation, governments and elites were divided over what this meant, and how to proceed.

A start was made with the creation in 1949 of the Council of Europe, but this was not enough for federalists, who focused instead on the development of supra-national institutions; a new approach was taken in 1952 with the founding of the European Coal and Steel Community. Tracing the story from Bretton Woods to the Marshall Plan and the start of the Cold War, this chapter attempts to capture the spirit of the postwar debate, and to understand the confluence of circumstances that came together to make the first steps in the process of integration possible.

KEY ISSUES

- What were the major historical causes of European conflict and war?
- What had changed by 1945 to make Europeans more receptive to the idea of cooperation?
- Why were France and Germany so central to the interests of European integration?
- How important was the Marshall Plan to the postwar recovery of Europe?
- Does Winston Churchill deserve more credit as one of the founders of the European Union?
- Was focusing on coal and steel a wise move, or a distraction?

Europe before the war

Societies are always changing, but in few parts of the world have the changes been so dramatic – or had such wide-ranging effects – as in Europe. The advent of the European Union is just the latest (and perhaps most revolutionary) development in the search for an answer to the question of how politics and economies should be ordered in one of the world's most heavily populated, politically competitive, and culturally complex regions. That Europeans have lived in relative harmony since 1945 is remarkable given the long history of violence in the region. That history runs from the wars of antiquity through to the invasions of the Early Middle Ages, the Crusades, wider European conflicts such as the Hundred Years' War (1337–1453) or the Eighty Years' War (1568–1648), attempts to fend off foreign invaders such as the Arabs and the Ottoman Turks, civil wars, wars of independence, and the two world wars of the twentieth century.

The causes of Europe's conflicts have varied, the focus shifting from wars over land and between competing dynastic houses to wars of religion in the Middle Ages as first the Latin and Orthodox churches struggled with each other, then Catholics and Protestants fought for influence, then monarchs challenged the authority of the papacy. Through the sixteenth and seventeenth centuries much of Europe was in a state of almost constant religious warfare. A milestone was reached in 1648 when the Peace of Westphalia brought an end to more than a century of war, and confirmed the emergence of the modern state system. Political boundaries in Europe began to achieve a new clarity, but so did the power and reach of governments, which established standing armies to protect their interests, creating new tensions and possibilities for conflict.

A dangerous new quality was added by the mismatch between states and nations: people speaking different languages and with separate cultural and sometimes religious identities were brought together under common governments, whose rule they often resented. As Enlightenment ideas led to the rejection of claims by monarchs that their powers were based on God's authority, and support for the idea that sovereignty lay with the people, so the struggles for national self-determination grew. Another combustible element was added to the mix when European states began to build overseas empires, bringing a new global dimension to competition for power within Europe.

Frustrated by what they saw, idealists explored ways in which Europeans might cooperate through regional associations. Suggestions ranged from assemblies of princes to courts that might adjudicate disputes, a European parliament, and a European federation (see de Rougemont, 1966; Heater, 1992; Urwin, 1995; Salmon and Nicoll, 1997). The philosophical benchmark for the debate was laid down in 1795 when the German philosopher Immanuel Kant published his thoughts on the conditions needed for mankind to achieve a state of perpetual peace, including the abolition of standing armies and a federation of free states. Europe's achievements in maintaining peace since 1945 have often earned the region the epithet *Kantian* (see Chapter 24).

The Napoleonic wars (1803–5) were generated at least in part by the resistance of nationalists to Napoleon's plans to build a European empire, and although Europe as a whole was mainly at peace between the 1815 Congress of Vienna and the outbreak of the Great War in 1914, nationalism was generating

dangerous new pressures. Governments asserted their authority as minorities struggled for independence, the goal for many being the creation of nation-states: a state for every nation. This meant resistance to foreign rule and demands for independence in Belgium, Bulgaria, Greece, Hungary, Ireland, Italy, Poland, and Romania, and efforts to unify Germany and Italy. Nationalism and imperialism came together in a volatile combination , and it took only one small spark – the assassination in June 1914 of the heir to the Austro-Hungarian throne by a Slav nationalist – to set off the series of events that would lead within two months to the outbreak of the Great War.

The war resolved little, and did so at staggering cost: an estimated 15 million people died, including unprecedented numbers of civilians. If there was anything positive to come out of the carnage it was the birth of a new audience – particularly in smaller states tired of being caught in the crossfire of big power rivalry – more amenable to notions of inter-state cooperation. But although several modest attempts were made to put ideas into practice – Belgium and Luxembourg, for example, created a limited economic union in 1922 – most Europeans remained doggedly attached to their national and state identities.

In 1922, the Austrian diplomat Count Richard Coudenhove-Kalergi wrote an article (turned into a book titled *Pan-Europa* in 1923) in which he warned that Europe was 'a powder keg of international conflicts' whose atmosphere was poisoned by 'the mutual hatred of Europeans for each other'. Its problems would be 'resolved only by the union of the peoples of Europe', to which the greatest obstacle, in his view, was the 'thousand-year rivalry' between Germany and France (Coudenhove-Kalergi, 1926). His ideas found a receptive audience in several current and future political leaders, including French Prime Minister Édouard Herriot (in office 1924–25), who suggested the creation of a United States of Europe founded on the postwar cooperation being promoted by the new League of Nations. His colleague Aristide Briand followed up in 1930 by suggesting a European federation working within the League of Nations, using in his proposal such terms as *common market* and *European Union* (Briand, 1997).

But the 1919 Treaty of Versailles, by punishing Germany and demanding reparations, had already laid the foundations for more conflict. The rise of

Richard Coudenhove-Kalergi

Richard Coudenhove-Kalergi (1894–1972) was the son of an Austro-Hungarian diplomat and his Japanese wife. Born in Tokyo, he was raised mainly in what is now the Czech Republic, and educated in Vienna. He was author of the pamphlet *Pan-Europa*, creator in 1923 of the Pan-European Union, and editor of its journal *Paneuropa* until 1938. He proposed dividing the world into five power groups: Paneuropa (including all European states except Britain), the British empire, a Pan-American Union in North and South America, the Soviet Union in Eurasia, and a Pan-Asian Union centred on Japan and China. He spent the Second World War in exile, mainly in the United States, inspiring the character Victor Laszlo in the film *Casablanca*. He continued to promote his ideas of European unity after the war.

Nazism squashed all ideas of peaceful cooperation, and the outbreak of another European war in 1939 suggested that the region was incapable of finding the formula for a lasting peace (Marks, 2003). The Second World War brought new levels of death and destruction, cost millions of civilian and military lives, left cities in ruins, cut agricultural production by half, created an estimated 13 million refugees by the war's end, destroyed essential infrastructure, and brought political and economic dislocation to winners and losers alike.

The troubled state of postwar Europe

Relief at the end of the war was reflected in the rejoicing and celebration that broke out on VE Day, 8 May 1945. But it was also clear that Europeans now faced the sobering and monumental task of rebuilding not just the infrastructure

Map 4.1 Europe after the Second World War

destroyed by war but often entire political, economic and social systems. They had suffered physically and psychologically, and now cast anxious eyes at the challenges that lay ahead, some more apparent than others.

- **France** had suffered a wartime division between collaborators and the Resistance, and while it now worried about how to modernize its economy and extend welfare provisions, its international standing was unclear. It acted like a great power, but the constitution of the Fourth Republic (adopted in 1946) was flawed, and France was to suffer blows to its military pride in Indochina in 1954 and again at Suez in 1956 (see Chapter 5). Charles de Gaulle would come out of retirement in 1958 to head the new Fifth Republic, and to reorder France's place in Europe and the world.
- **Britain** had seen its finest hour during the war, but while it was politically stable and enjoyed rapid economic recovery after the war, bolstered by nationalization and welfare reform, its international role had changed. The beginning of the end of its great power status came in August 1947 with independence for India and Pakistan, but many Britons still held on to their national pride and their interests outside Europe, valued close cooperation with the United States, and paid little attention to developments on the continent. Suez was to force a reappraisal, but even today most Britons remain reluctant Europeans.
- **West Germany** was focused on economic reconstruction and the challenge of dealing with a national sense of shame. Germany as a whole was under four-way foreign occupation, and by 1948 was divided into socialist eastern and capitalist western sectors. The Federal Republic of Germany (or West Germany) was founded in May 1949, and the Christian Democrats won the August elections. The popular chancellor Konrad Adenauer (in office 1949–63) worked to side his new state with the Atlantic Alliance and to rebuild German respectability, goals which inevitably made it a champion of regional integration.
- **Italy** was less successful than West Germany in achieving postwar economic and political stability. Christian Democrats dominated the new Italian republic created in June 1946, but there were frequent changes of government, systematic corruption, and bureaucratic incompetence. For Prime Minister Alcide de Gasperi (in office 1945–53) integration with Europe was a means of encouraging peace while helping Italy deal with its economic problems. But the country has never lived up to its potential as a leading European power.
- The **Nordic states** had different wartime experiences: Sweden remained neutral, Finland became neutral after going to war with the USSR, Denmark and Norway were both invaded by Germany, and a newly-independent Iceland was wary of international cooperation (there were street riots when it became a founding member of NATO in 1949). But the five had political stability, homogeneous populations, and few internal social problems. They harmonized national laws, agreed common foreign policy positions, and launched joint ventures such as the airline SAS (created in 1946). In 1952 the Nordic Council was formed to promote the abolition of passport controls, the free movement of workers, and more joint ventures.

- The **Benelux states** (Belgium, the Netherlands, and Luxembourg) had all been occupied by the Germans, and were interested in economic cooperation. In 1948 the Benelux customs union was created, paving the way for the 1960 Benelux Economic Union (BEU), which proved to be a landmark experiment in European integration.
- In **Greece**, **Portugal** and **Spain**, the road to democracy and economic growth was rocky. Greece enjoyed postwar economic growth, but political tensions would lead to a military dictatorship in 1967–74. Portugal had been under the authoritarian government of Antonio Salazar since 1928, and Spain under the dictatorship of Francisco Franco since 1939. Surrounded by efforts to encourage postwar international cooperation, all three remained isolated.
- **Ireland** had been officially neutral during the war but with its economy bound to that of Britain, its postwar approach to Europe was subject to the British lead. It joined the Community in 1973 with Britain, after which it maintained its neutrality while enjoying economic growth.
- **Austria** had had been left relatively unscathed by war, and although it was divided like Germany into separate postwar zones of occupation, it returned quickly to its 1920 constitution and held democratic elections. It declared itself neutral in 1955, but economic ties pulled it into the western European orbit.
- Prospects of **eastern Europe** taking part in broader regional cooperation were trampled by its postwar absorption into the Soviet sphere, and its obligation to follow the Soviet lead on foreign policy, which meant no cooperative deals with the West. Only after the end of the Cold War in 1991 would eastern Europe emerge from its shell and begin working with the West.

In addition to its effects on individual states, the Second World War also resulted in a reordering of the international system. Until 1939, the world's great powers were mainly European, their influence based on their large militaries and economies, their strong positions in international trade, and their financial investments around the world (Levy, 1983, pp. 16–18). But while Britain and France continued to act like great powers after the war, it soon became clear that there was a new international order in place, dominated by the United States and the Soviet Union. Their power was so great and their reach so far that they earned the new label *superpower* (Fox, 1944, pp. 20–1) (see Chapter 24 for further discussion). Europe's fall was soon confirmed by the region's division in an ideological cold war between the superpowers in which Europeans were to play only a supporting role.

Three urgent priorities now faced European states:

- Economic reconstruction was needed if Europe was to recover and regroup, but it was clear that the region was too tired and drained to be able to manage this alone.
- Europeans not only continued to be suspicious of each other, but now faced the prospect of being a battlefield in a war between the Americans and the Soviets, overlaid by the threat of the ultimate form of destruction: nuclear annihilation.

TIMELINE

Organizing postwar Europe

1914–18		First World War
1919	June	Signature of Treaty of Versailles
1923		Creation of Pan-European Union
1939–45		Second World War
1944	July	Bretton Woods conference
1945	May	End of the war in Europe
1946	March	Churchill's 'iron curtain' speech
	June	Creation of Italian republic
	September	Churchill's 'United States of Europe' speech
	October	Creation of French Fourth Republic
1947	March	Announcement of Truman Doctrine
	June	George Marshall's speech at Harvard
	August	Independence of India and Pakistan
1948	January	Benelux customs union enters into force
	March	Brussels Treaty creates Western Union
1948	April	Launch of the Marshall Plan; first meeting of OEEC
	May	Congress of Europe meets in The Hague
	June	Start of Berlin blockade
	October	Creation of European Movement
1949	April	Signature of North Atlantic Treaty, and creation of NATO
	May	Creation of Council of Europe; end of Berlin blockade; creation of Federal Republic of Germany
1950	May	Schuman Declaration
	June	Negotiations begin on coal and steel agreement
1951	April	Signature of Treaty of Paris
1952	March	Creation of Nordic Council
	July	Treaty of Paris enters into force
	August	European Coal and Steel Community begins work
1955	May	Creation of Warsaw Pact

- Nationalism had been the main cause of both world wars, and Europeans could not hope to live in peace unless it was channelled in a more benign direction.

Looking back today with the benefit of hindsight, it is remarkable how much Europe has since been able to achieve: after centuries of bloodshed, the region has become the poster child for peace, diplomacy, and the resolution of conflict.

CONCEPT

Bretton Woods system

The arrangement agreed at Bretton Woods in 1944, by which it was hoped that the economic and financial mistakes of the mid-war years would be avoided, and a new and more sustainable international commercial and financial system created. The key goal of the system was exchange rate stability, using gold as the reference point, and a free convertibility of currencies that would encourage trade. The system ended in August 1971 when the United States unilaterally ended the convertibility of gold and the US dollar, sparking exchange rate volatility and helping encourage Europe to take the first steps in what would eventually lead to the creation of the euro.

But achieving this has not been easy, and it happened only because of a fortuitous coincidence of circumstances, without which the history of postwar Europe might have taken a very different turn.

Rebuilding economies (1945–51)

The structure of the postwar international economic system was mapped out at a landmark meeting in July 1944, when economists and government leaders from both sides of the Atlantic gathered at the Mount Washington Hotel, set in the forested hills of Bretton Woods, New Hampshire. There they laid down the principles of what became known as the **Bretton Woods system**: the convertibility of currencies, free trade, non-discrimination, and stable rates of exchange, underpinned by the new strength of the US dollar, and by the creation of two new international organizations: the International Monetary Fund (IMF) would encourage exchange rate stability in the interests of promoting international trade, and the World Bank would lend to European countries affected by war (van Dormael, 1978). A third body, the International Trade Organization, failed to win support in the US Congress and it was instead agreed to set up the General Agreement on Tariffs and Trade (GATT) as a temporary measure to oversee negotiations aimed at the progressive reduction of barriers to trade.

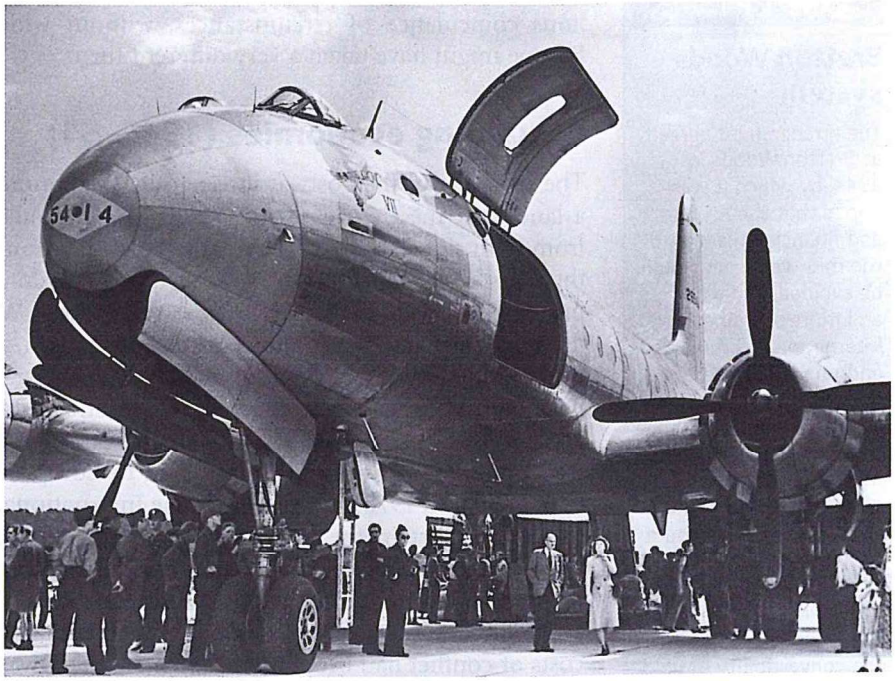
Noble as these goals may have been, it soon became clear that the economic costs of conflict had been underestimated: there was a brief postwar boom, but growth was not sustained, food was still being rationed, and western Europeans were using up their dollar reserves buying essential imports. Large amounts of capital investment were needed, and the only ready source was the United States. Its wartime economy had prospered, and although it had provided more than $10 billion in loans and aid to Europe between 1945 and 1947 (Milward, 1984, pp. 46–8), a more structured approach was needed. In a speech at Harvard University in June 1947, US Secretary of State George Marshall announced that the US would do whatever it could to help encourage Europe's economic revival. His motives were clearly political (a strong Europe would help prevent Soviet expansionism and create a new market for US exports), but he couched his arguments in humanitarian terms, arguing that US policy was directed 'against hunger, poverty, desperation and chaos' and that 'its purpose should be the revival of a working economy in the world so as to permit the emergence of political and social conditions in which free institutions can exist'.

Within weeks, representatives of 16 western European governments had met in Paris to begin listing needs. (The Soviets also attended, but left when they decided that US goals were incompatible with their own.) Between 1948 and 1951 the European Recovery Programme (otherwise known as the **Marshall Plan**) was to provide $12.5 billion in aid (Milward, 1948, p. 94) (about $115 billion in 2010 terms, adjusted for inflation). But while Marshall was awarded the 1953 Nobel Peace Prize for his efforts, the long-term role and significance of Marshall aid remains contested. Hitchcock (2004, pp. 134–8) points out that economic recovery was already under way before the aid arrived, with most western European countries already back up to, or close to, pre-war levels of production. Furthermore, the aid itself was only a small fraction of the gross national product of the recipient states. On the other hand, it had much psychological value: it reassured an economically nervous western Europe, helped bind

● **Marshall Plan:** A programme under which the United States offered financial assistance to encourage postwar recovery in Europe. Often credited with providing the investments needed to pave the way to regional integration.

Illustration 4.1
The Marshall Plan

Marshall Plan assistance begins to arrive in Europe, providing devastated postwar economies with an essential boost to their plans for reconstruction.



together transatlantic economic interests, and helped offset communist influence in western Europe. In short, contends Judt (2005, p. 97), it 'helped Europeans feel better about themselves'.

The Marshall Plan also helped lay critical foundations for European integration. The United States wanted a single market in the interests of economic recovery, and insisted upon the creation of a new international body, the **Organisation for European Economic Co-operation** (OEEC), to coordinate the distribution of aid. Meeting for the first time in April 1948, its goals included reduced tariffs and other barriers to trade, and a free trade area or customs union among its members (Articles 4–6 of the Convention for European Economic Cooperation, quoted in Palmer *et al*, 1968, p. 81). Critics have dismissed it as clumsy and inadequate, and as nothing more than a clearing-house for economic information (Milward, 1984, p. 208; Wexler, 1983, p. 209; Dinan, 2004, p. 28). But it was western Europe's first permanent organization for economic cooperation, it encouraged inter-state cooperation, and it helped reveal the degree of economic interdependence among its members (Urwin, 1995, 20–2). (In December 1960 the OEEC was reorganized as the Organisation for Economic Co-operation and Development (OECD).)

● **Organisation for European Economic Co-operation:** An international body set up to coordinate and manage Marshall aid, and that some see as the first significant step in the process of postwar European integration.

Addressing external threats (1946–49)

Economic reconstruction was their most immediate priority, but western Europeans also worried about threats to their security, now more external than internal. The United States had pulled most of its military out of Europe soon

after the war, encouraged by public opinion at home that favoured leaving future peacekeeping efforts to the new United Nations. But it soon became clear that Stalin had plans to spread Soviet influence in Europe, replacing the old Nazi threat with a new communist threat. Winston Churchill drew public attention to the dilemma with his famous March 1946 speech in Fulton, Missouri, in which he warned of the descent of an 'iron curtain' across Europe. He also observed that from what he had seen of the Russians during the war, there was nothing they admired so much as strength, 'and there is nothing for which they have less respect than for weakness, especially military weakness'.

The Americans expected that responsibility for European security would be shared with the British and the French, but neither had the resources to keep up their end of the bargain. Britain had provided financial aid and military security in Greece (which Churchill had established as a British sphere of influence in return for giving the Soviets control over Romania), but it soon had to withdraw, raising concerns about communist influence in the region. In March 1947, US President Harry S. Truman concluded that the United States should step into the breach, and announced what was to become known as the Truman Doctrine: it would now be US policy, he declared, 'to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures'. The new insecurities of Europe were quickly illustrated by events in Germany.

While the western Allies favoured German self-sufficiency, the Soviets first wanted reparations and a guarantee of security from German aggression. Prompted by Soviet belligerence, Britain, France, and the Benelux states in March 1948 signed the Brussels Treaty, creating a Western Union (renamed Western European Union in 1954 – see Chapter 5) whose members pledged to provide 'all the military and other aid and assistance in their power' in the event of attack. The Allies also began discussions aimed at building a new West German government and tying West Germany into the western alliance. When they announced their plans in June 1948 (which included the creation of a new currency, the deutschmark), the Soviets responded by setting up a blockade of West Berlin, obliging the British and the Americans to organize an 11-month airlift of supplies to the beleaguered city.

With the twin need of protecting western Europe and also sharing the burden, the Americans and their western European allies in April 1949 signed the North Atlantic Treaty, under which the idea of mutual protection was expanded to include the United States, Britain, France, Canada, Italy, the Benelux countries, Denmark, Iceland, Norway and Portugal. The treaty was given institutional substance with the creation of the **North Atlantic Treaty Organization** (NATO).

As with the Marshall Plan, opinion on the significance of NATO has been divided. On the one hand, the treaty stated that 'an armed attack against one or more of [the members]... shall be considered an attack against them all', but it obliged each member to respond only with 'such action as it deems necessary, including the use of armed force'. In other words, there was no firm commitment to a combined military response. On the other hand, the creation of NATO sent a clear message to the Soviets, who countered in 1955 with the creation of their own defensive agreement, the Warsaw Pact. NATO also represented the first peacetime military agreement ever made by the United States, and set up the first ever peacetime integrated military command.

● **North Atlantic Treaty Organization:** A defensive alliance created in 1949 between the United States, Canada, and most major western European states, and designed to send a security warning to the Soviet Union.

Winston Churchill

Winston Churchill (1874–1965) (*second from right*) was prime minister of Britain between 1940 and 1945, and again between 1951 and 1955. Although he was the great symbol of British resistance to the Nazi threat during the Second World War, he is a controversial figure in the gallery of Europeanists. On the one hand, he inspired many of the ideas that defined Europe's postwar condition and that set the tone for discussions about cooperation, including his suggestion for a United States of Europe, his role in the creation of the Council of Europe, and his warning of the 'iron curtain' that had descended across the continent. On the other hand, he was clearly a champion of Britain's association with the English-speaking peoples of the world, and equivocated on the precise role that Britain might play in Europe. He has never quite been elevated to the same ranks in the European debate as the other 'founding fathers', such as Paul-Henri Spaak of Belgium (*left*), Paul Reynaud of France (*second from left*) and Robert Schuman (*right*).

The Council of Europe (1946–49)

Within a few years of the end of the Second World War, then, and encouraged mainly by the United States, there was a new atmosphere of receptivity to cooperation in western Europe. Several pro-European groups were founded or revived, but what was still lacking was a strong political lead, which could come only from Britain, still the major power in Europe. During the war, Winston Churchill had suggested the creation of 'a United States of Europe' operating under 'a Council of Europe' with reduced trade barriers, free movement of people, a common military, and a High Court to adjudicate disputes (Palmer *et al.*, 1968, p. 111). He repeated the suggestion in a speech co-drafted by Coudenhove-Kalergi (Salmon and Nicoll, 1997, p. 6) and given in Zurich in September 1946 (see Document 4.1). But Britain still had too many interests outside Europe, including its empire and its links with the United States, and Churchill neatly summed up British attitudes when he proclaimed that Britain was 'with Europe but not of it. We are interested and associated, but not absorbed' (Zurcher, 1958, p. 6).

Undeterred, pro-European groups organized the Congress of Europe in The Hague in May 1948, presided over by Churchill and attended by more than 600 delegates from 16 states and observers from Canada and the United States. But opinion differed on the meaning of European unity (Dinan, 2004, p. 23). While federalists hoped for a wholesale redrawing of the map of Europe, with the replacement of individual states by a United States of Europe, others still believed in the state and were interested only in cooperation. In October the **European Movement** was created with a view to moving the debate along, and there was talk of creating a European Assembly. The eventual compromise was the signing on 5 May 1949 of a statute in London creating the **Council of Europe.**

● **European Movement**: An organization created in 1948 to champion the cause of European integration. It was behind the setting up of the Council of Europe and continues today to lobby for a federal Europe.

● **Council of Europe**: An organization founded in 1949 at the suggestion of Winston Churchill, and which has gone on to promote European unity with a focus on issues relating to democracy and human rights.

DOCUMENT 4.1

Churchill's Zurich speech, 19 September 1946 (excerpts)

I wish to speak to you today about the tragedy of Europe. This noble continent . . . is the home of all the great parent races of the western world. It is the fountain of Christian faith and Christian ethics. It is the origin of most of the culture, arts, philosophy and science both of ancient and modern times.

If Europe were once united in the sharing of its common inheritance, there would be no limit to the happiness, to the prosperity and glory which its . . . people would enjoy. Yet it is from Europe that have sprung that series of frightful nationalistic quarrels, originated by the Teutonic nations, which we have seen even in this twentieth century and in our own lifetime, wreck the peace and mar the prospects of all mankind . . .

Some of the smaller states have indeed made a good recovery, but over wide areas a vast quivering mass of tormented, hungry, care-worn and bewildered human beings gape at the ruins of their cities and homes, and scan the dark horizons for the approach of some new peril, tyranny or terror. Among the victors there is a babble of jarring voices; among the vanquished a sullen silence of despair.

Yet all the while there is a remedy . . . It is to re-create the European Family, or as much of it as we can, and provide it with a structure under which it can dwell in peace, in safety and in freedom. We must build a kind of United States of Europe . . .

If Europe is to be saved from infinite misery, and indeed from final doom, there must be an act of faith in the European family and an act of oblivion against all the crimes and follies of the past . . . The first step in the re-creation of the European family must be a partnership between France and Germany . . .

If we are to form the United States of Europe or whatever name or form it may take, we must begin now . . . The first step is to form a Council of Europe. If at first all the states of Europe are not willing or able to join the union, we must nevertheless proceed to assemble and combine those who will and those who can.

Source: James (1974).

The goal of the new body was to achieve 'a greater unity between its Members . . . by discussion of questions of common concern and by agreements and common action in economic, social, cultural, scientific, legal and administrative matters'. Its most lasting contribution was the drafting in 1950 and the subsequent management of the European Convention on Human Rights, which today plays a key role in the European legal structure (see Chapter 8). But as for the broader issue of European integration, the Council was too limited in its goals for the tastes of federalists. Jean Monnet described it as 'entirely useless', and later French president Charles de Gaulle regarded it as 'simply ridiculous' (Simpson, 2001, p. 646).

Monnet, who had made his name as a civil servant and French government planner, had loftier ambitions, and recruited to his cause the incumbent foreign minister of France, Robert Schuman. Both were committed integrationists, both felt that the noble statements of the unity lobby needed to be translated into practical action, and both agreed with Churchill that the logical focus should be on the Franco-German problem. Schuman was instinctively suspicious of Germany, but was encouraged by US Secretary of State Dean Acheson to give it political credit, and to provide French leadership on the tricky question of bringing West Germany back into the western community. (The division of Germany

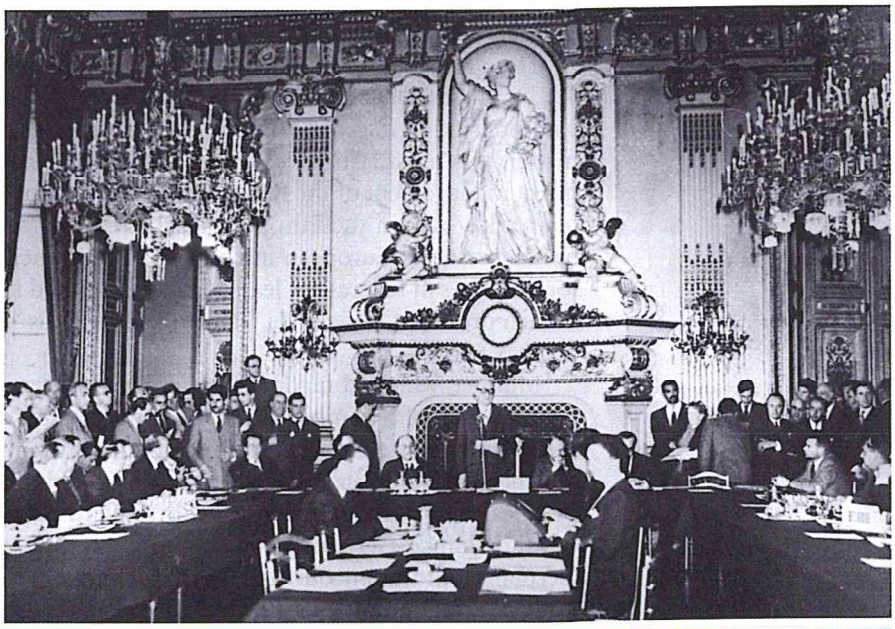
had been confirmed by the founding in May 1949 of the western Federal Republic of Germany, followed three months later by the eastern German Democratic Republic.) An opportunity was created by US and British interest in West German rearmament; this ran the danger of tilting the European balance of power (Hitchcock, 2004, pp. 151–2), but not if West Germany was allowed to rebuild under the auspices of a new supranational organization that would bind it into the wider process of European reconstruction.

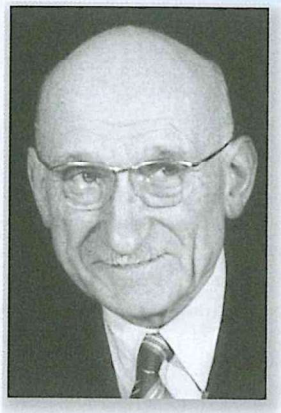
The European Coal and Steel Community (1949–52)

At early meetings of the European Movement, the suggestion had been made that coal and steel offered strong potential for cooperation. They were the building blocks of industry as well as the raw materials for weapons of war, and cooperation might eliminate waste and duplication, boost industrial development, and make sure that West Germany became reliant on trade with the rest of western Europe (Milward, 1984, p. 394). It would also allow France to exert some control over production in the German industrial heartland of the Ruhr. As to how to proceed, Monnet's experience with government bureaucracies told him that a new supranational organization with powers and a life of its own was needed. He discussed this with Schuman and with Konrad Adenauer, and they agreed on the creation of a new body within which responsibility for coal and steel production could be pooled in the hope of laying the foundations for what might eventually become a European federation. Their proposal was announced by Schuman at a press conference held on 9 May 1950 – five years almost to day after the end of the war in Europe – at the French Foreign Ministry in Paris (see Document 4.2).

Illustration 4.2
The Schuman Declaration

Robert Schuman addresses a press conference in the salon de l'Horloge at the Quai d'Orsay in Paris on 9 May 1950, and announces the plan to set up a European Coal and Steel Community.





Robert Schuman

Robert Schuman (1886–1963) was the quintessential European: born to French parents in Luxembourg, he was brought up in then German-ruled Lorraine, attended university in Germany, and served in the German army during the First World War. Elected after the war to the French parliament, he refused to serve in the French Vichy government during the Second World War, and was imprisoned by the Gestapo for his criticism of German policy. He escaped, joined the French Resistance, and was re-elected to the French legislature in 1945. He served as France's finance minister and briefly as prime minister before serving as foreign minister from 1948 to 1952. Although the May 1950 declaration of the ECSC bears his name, it was the brainchild of Jean Monnet, and Monnet later claimed that Schuman 'didn't really understand' the plan (Jenkins, 1989, p. 220). Nonetheless, Schuman has won a permanent place in the pantheon of the pioneers of integration.

The Schuman Plan was revolutionary in the sense that France was offering to surrender a measure of national sovereignty in the interests of building a new supranational authority that might help build a new European peace (Gillingham, 1991, p. 231). But few other governments shared Monnet's enthusiasm, and only four agreed to sign up: Italy sought respectability and stability, and the three Benelux countries were small and vulnerable, had twice been invaded by Germany, were heavily reliant on exports, and felt that the only way they could have a voice in world affairs and guarantee their security was to be part of a bigger unit. As for the others:

- Britain trusted neither the French nor the Germans, still had too many political and economic interests outside Europe, exported little of its steel to Europe (Milward, 1984, p. 402), and had recently nationalized its coal and steel industries. Prime Minister Clement Attlee argued that he was 'not prepared to accept the principle that the most vital economic forces of this country should be handed over to an authority that is utterly undemocratic and is responsible to nobody' (Black, 2000, p. 303). He, like his social democratic peers in the Scandinavian countries, was also wary of the role being played by continental Christian Democrats in early initiatives on integration.
- Because Ireland's economy was predominantly agricultural, it had little to gain from the proposal. It also had to follow the British lead because of its economic ties with Britain.
- For Denmark and Norway, memories of the German occupation were still too fresh, while Austria, Finland, and Sweden valued their neutrality.
- Portugal and Spain were dictatorships with only limited interest in international cooperation.
- Eastern Europe was out of the picture thanks to Soviet control.

Against this less than encouraging background, the governments of the Six opened negotiations in June 1950. There was resistance to Monnet's plans to

DOCUMENT 4.2

The Schuman Declaration, 9 May 1950 (excerpts)

World peace cannot be safeguarded without the making of creative efforts proportionate to the dangers which threaten it. The contribution which an organized and living Europe can bring to civilization is indispensable to the maintenance of peaceful relations . . .

Europe will not be made all at once, or according to a single plan. It will be built through concrete achievements which first create a *de facto* solidarity. The coming together of the nations of Europe requires the elimination of the age-old opposition of France and Germany . . .

With this aim in view, the French Government proposes that action be taken immediately on one limited but decisive point. It proposes that Franco-German production of coal and steel as a whole be placed under a common High Authority, within the framework of an organization open to the participation of the other countries of Europe. The pooling of coal and steel production should immediately provide for the setting up of common foundations for economic development as a first step in the federation of Europe, and will change the destinies of those regions which have long been devoted to the manufacture of munitions of war, of which they have been the most constant victims.

The solidarity in production thus established will make it plain that any war between France and Germany becomes not merely unthinkable, but materially impossible. The setting up of this powerful productive unit, open to all countries willing to take part and bound ultimately to provide all the member countries with the basic elements of industrial production on the same terms, will lay a true foundation for their economic unification.

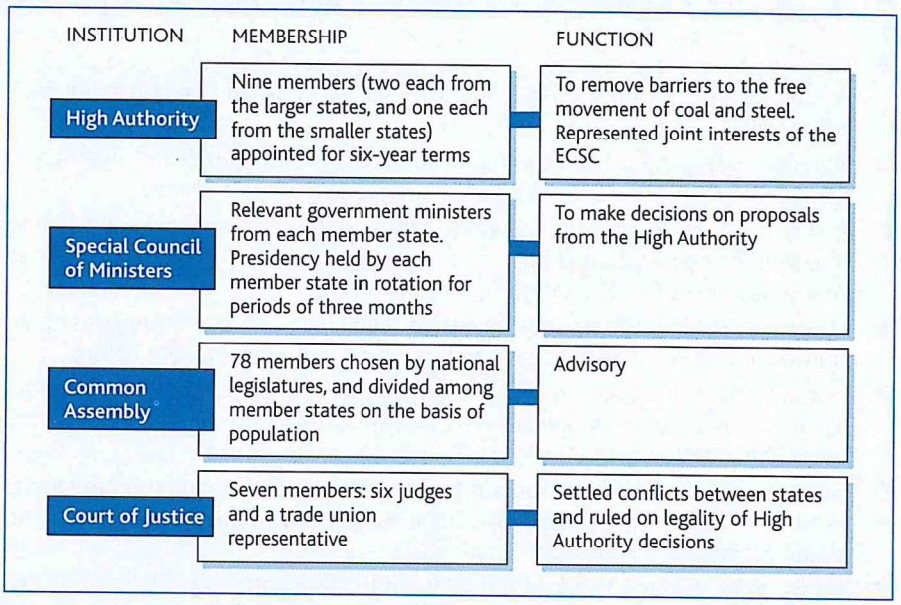
Source: Europa website at http://europa.eu/abc/symbols/9-may/decl_en.htm (retrieved July 2010).

break down coal and steel cartels, and the negotiations – notes Gillingham (2003, p. 25) – were 'often tough and even brutal', several times standing on the verge of collapse. Disagreement centred on the break-up of the German coal and steel industries, the role of the ECSC High Authority, the weighting of votes in its Council of Ministers, and even which languages should be used and where the ECSC institutions should be based (Dinan, 2004, pp. 51–4). But Monnet prevailed and on 18 April 1951 the Treaty of Paris was signed, creating the **European Coal and Steel Community** (ECSC). It was charged with building a common market in coal and steel by eliminating import and export duties, discriminatory measures among producers and consumers, subsidies and state assistance, and restrictive practices. The treaty entered into force in July 1952 and the new organization began work in August, managed by four institutions (see Figure 4.1).

The birth of today's European Union is usually dated to the later creation of the European Economic Community (EEC), and yet the process of integration needed this smaller preparatory step, representing as it did the first time that European governments had transferred authority to a supranational organization. The ECSC faced some political resistance, and although it initially benefited from rising demand for coal and steel on the back of the Korean War, it ultimately failed to achieve its core goal of a single market for coal and steel (Gillingham, 1991, p. 319). But like the Marshall Plan and NATO, it had an

● **European Coal and Steel Community**: The first organization set up to encourage regional integration in Europe, with qualities that were both supranational and intergovernmental.

Figure 4.1 Structure of the European Coal and Steel Community



important psychological effect, obliging the governments of the Six to work together and to learn new ways of doing business. It functioned independently until 1965, when the High Authority and the Special Council of Ministers were merged with their counterparts in the EEC and Euratom (see Chapter 5). The Treaty of Paris expired in July 2002, fifty years after it came into force.

SUMMARY

- Europe had long been divided by conflict as one power invaded or tried to dominate another, or as religious disputes spilled over into violence, and then as states began to emerge and national minorities struggled for independence.
- Numerous suggestions had been made for ways in which Europeans might cooperate, but it took the traumas of two world wars to bring these ideas to a wider audience.
- The Franco-German question dominated many of the discussions, but while Italy and the Benelux countries were keen on cooperation, Britain kept its distance, others were wary of international efforts, and eastern Europe was under Soviet control.
- Europe in 1945 had three critical needs: to rebuild war-ravaged economies, to ensure security from one another and from external threats, and to limit the dangers of nationalism.
- Economic reconstruction was given a boost by the United States, which provided assistance through the Marshall Plan. Security assurances were also provided by the United States through the new North Atlantic Treaty Organization.
- The problem of nationalism was addressed by new initiatives to promote regional unity, beginning in 1949 with the creation of the Council of Europe. But its goals were too limited for the tastes of Europeanists such as Jean Monnet and Robert Schuman.
- The signature of the 1951 Treaty of Paris led to the creation in 1952 of the European Coal and Steel Community, a first step in the process of building European economic ties. But only France, West Germany, Italy and the three Benelux countries joined.

KEY TERMS AND CONCEPTS

Bretton Woods system
Council of Europe
European Coal and Steel Community
European Movement
Marshall Plan
North Atlantic Treaty Organization
Organisation for European Economic Co-operation

FURTHER READING

Dinan, Desmond (2004), *Europe Recast: A History of European Union* (Basingstoke: Palgrave Macmillan). The best general history of European integration, and essential reading before moving on to more detailed or revisionist studies.

Gilbert, Mark (2003), *Surpassing Realism: The Politics of European Integration Since 1945* (Lanham, MD: Rowman and Littlefield), and John Gillingham (2003), *European Integration, 1950–2003: Superstate or New Market Economy?* (Cambridge: Cambridge University Press). Two more opinionated histories of European integration; Gillingham is particularly critical, writing of missed opportunities and bad decisions.

Hitchcock, William I. (2004), *The Struggle for Europe: The Turbulent History of a Divided Continent* (New York: Anchor Books). This does for Europe what Dinan does for the EU: a readable survey of postwar European history that helps place more detailed studies in perspective. For a more detailed treatment, see Tony Judt (2005), *Postwar: A History of Europe since 1945* (New York: Penguin).

CHAPTER 5

Building a Single Market

PREVIEW

The creation of the European Coal and Steel Community was a critical first step along the path to European integration, but its possibilities were always bound to be limited. So, after failing with two far more ambitious initiatives – the creation of European defence and political communities – the six ECSC members switched their focus to the building of a single market. The 1957 Treaties of Rome created the European Economic Community (EEC) and the European Atomic Energy Community (Euratom), the former setting the goal of creating a European market within which there would be free movement of people, money, goods and services. But this was no easy target, and the EEC would see only mixed progress during the 1960s as its member states failed to remove all the barriers to the single market, and failed to exploit its possibilities.

This was also a troubling time in international relations, with the Berlin and Cuban missile crises, escalation of the war in Vietnam, and the Soviet crackdown on reform in Czechoslovakia, in all of which the critical players were the Americans and/or the Soviets. Meanwhile, the EEC was to be troubled by political disagreements over the powers and reach of its institutions and over enlargement, French president Charles de Gaulle twice vetoing British applications for membership.

In 1973 the Community welcomed its first new members (Britain, Ireland and Denmark), followed in the 1980s by more (Greece, Spain and Portugal). The main effect of enlargement was to change the political balance of integration as France and Germany found their previously dominant roles challenged. The EEC faced many hurdles, some of its own making and others created by the ebbs and flows of the Cold War and the transatlantic relationship. At heart, it was – in its early years – an elitist project that had little impact on European public opinion.

KEY ISSUES

- Were the European Defence Community and the European Political Community doomed to failure?
- How important was the Suez crisis to the history of European integration?
- What does de Gaulle's role in the early years of the EEC say about the problems and possibilities of strong leadership in European affairs?
- What impact did Vietnam have on European integration?
- Could the EEC have managed without Britain as a member?