

# 4

## FIRST STEPS (1944–58)

### Preview

The roots of today's European Union date back centuries. War and conflict have long been part of the fabric of Europe, inspiring philosophers to develop numerous plans for bringing peace to the region, but finding their suggestions falling mainly on deaf ears. Two world wars delivered a shattering blow to European power and influence, changing the way Europeans saw themselves and the way they defined their security.

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 divided by a new kind of Cold War between two external powers: the US 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 regional cooperation, governments and elites were divided over what this meant in practice and how to proceed.

A modest start was made with the creation in 1949 of the Council of Europe, followed in 1952 with the founding of the European Coal and Steel Community (ECSC). A more substantial step was taken in 1957 with the signature of the Treaty of Rome, creating the European Economic Community (EEC) with the goal of creating a western European market within which there would be free movement of people, money, goods and services. However, the EEC would see only mixed progress during the 1960s as its member states failed to exploit its possibilities.

### Key points

- Europe had long sought means to cooperate in the face of conflict, but it took the traumas of two world wars to bring these ideas to a wider audience.
- Western Europe in 1945 had three critical needs: to rebuild war-ravaged economies, to ensure internal and external security, and to limit the dangers of nationalism.
- Economic reconstruction was given a boost by the US under the Marshall Plan, and security assurances were also provided by the US through the North Atlantic Treaty Organization (NATO).
- Alongside failed efforts to create a European Defence Community and a European Political Community (EPC), Europeans made some progress with the creation of the European Coal and Steel Community. Although a useful first step in the process of building European economic ties, only France, West Germany, Italy and the three Benelux countries joined.
- Economic cooperation was behind the signature in 1957 of the Treaties of Rome, creating the European Economic Community (EEC) and the European Atomic Energy Community.
- The goals of the EEC included a single market, a common external customs tariff, and common policies on agriculture, trade, transport and competition.

## Europe before the Second World War

In 1922, an organization was founded in Vienna by the name of the Pan-European Union. Its leading light was Richard Nikolaus Eijiro, otherwise known as the Count of Coudenhove-Kalergi. Son of an Austro-Hungarian diplomat and his Japanese wife, he was born in Tokyo, was a citizen of Czechoslovakia, had family origins in Belgium and Greece, grew up in Bohemia (now part of the Czech Republic), and studied in Italy and Austria. Little wonder, then, that Coudenhove-Kalergi was once described as ‘practically a Pan-European organization himself’ (Chambers, 2017). He was deeply committed to the idea of a united Europe, warning in his book *Pan-Europa* (von Coudenhove-Kalergi, 1926) that Europe was ‘a powder keg of international conflicts’ whose problems would be ‘resolved only by the union of the peoples of Europe’, to which the greatest obstacle, in his view, was the rivalry between Germany and France.

His ideas were supported by French Prime Minister Édouard Herriot (in office 1924–25), who suggested the creation of a United States of Europe founded on the post-war 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). Coudenhove-Kalergi spent the Second World War in exile, mainly in the US, inspiring the character Victor Laszlo in the film *Casablanca*. He continued to promote his ideas of European unity after the war, and lived to see the creation of the European Economic Community. It was on the basis of suggestions from Coudenhove-Kalergi that the Council of Europe, and then the EEC, adopted Beethoven’s ‘Ode to Joy’ as its anthem and celebrated Europe Day in May.

Although he inspired much of the early thinking about European political union, Coudenhove-Kalergi was far from the first to explore such ideas. In fact, the origins of the EU can be traced back to the long history of conflict that has afflicted one of the world’s most heavily populated, politically competitive and culturally complex regions. The story of that conflict 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 such conflicts have ranged from disputes over land and between competing dynastic houses to disputes sparked by religion and nationalism. Another combustible element was later added when European states began to build overseas empires, bringing a 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 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 (Kant, [1795] 2009). Europe’s achievements in maintaining peace since 1945 have sometimes earned the region the epithet *Kantian* (see Chapter 24).

Although Europe as a whole was mainly at peace between the end of the Napoleonic wars in 1815 and the outbreak of the Great War in 1914, nationalism

created dangerous pressures. Governments asserted their authority as minorities struggled for independence, many seeking the creation of a state for every nation. This meant resistance to foreign rule in Belgium, Bulgaria, Greece, Hungary, Ireland, Italy, Poland and Romania, and efforts to unify Germany and Italy. 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 a 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 emergence of new support – particularly in smaller states tired of being caught in the crossfire of big power rivalry – for interstate cooperation. 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 attached to their national and state identities.

Map 4.1 *Europe after the Second World War*



But the 1919 Treaty of Versailles, by punishing Germany and demanding reparations, had already laid the foundations for more conflict. The rise of 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, left an estimated 13 million refugees at war's end, destroyed essential infrastructure, and brought political and economic dislocation to winners and losers alike.

## The troubled state of post-war Europe

Relief at the end of the war was reflected in the rejoicing and celebration that broke out on VE Day, 8 May 1945. However, it was clear that Europeans now faced the sobering and monumental task of rebuilding not just the infrastructure 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 now worried about how to modernize its economy and extend welfare provisions, its international standing unclear. 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).
- **Britain** had seen its finest hour during the war, but while it was politically stable and enjoyed rapid economic recovery after the war, 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. Many Britons, though, still held on to their national pride and their interests outside Europe, and paid little attention to developments on the continent.
- **Ireland** had been officially neutral during the war but with its economy bound to that of Britain, its post-war approach to Europe was subject to the British lead.
- **Germany** found itself 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 popular Chancellor Konrad Adenauer worked to side his new state with the new Atlantic Alliance and to rebuild German respectability, goals that inevitably made it a champion of regional integration.
- **Austria** had been left relatively unscathed by war, and although it was divided like Germany into separate post-war 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.
- **Italy** was less successful than West Germany in achieving post-war economic and political stability. A new Italian republic was created in June 1946, but there were frequent changes of government, systemic corruption and bureaucratic incompetence. Some saw integration with Europe as a means of helping Italy



## CONCEPT

### Cold War

A war of words, ideas and ideologies between the US and its surrogates, on the one hand, and the Soviet Union and its surrogates on the other. It lasted from the late 1940s to the late 1980s, and had an important effect on Europe because of its East/West political divisions and because of the stresses caused by straddling the divide between the two key protagonists. The end of the Cold War brought an important redefinition of the idea of Europe.

deal with its economic problems, but Italy remained something of a reluctant European.

- The five **Nordic states** had different wartime experiences, ranging from neutrality in Sweden and Finland to invasion and German occupation for Denmark and Norway. The five enjoyed political stability and few internal social problems, harmonized national laws, agreed common foreign policy positions, and in 1952 formed the Nordic Council to promote the abolition of passport controls, the free movement of workers, and 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, 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 post-war economic growth, but political tensions would lead to a military dictatorship in the period 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 post-war international cooperation, all three remained relatively isolated.
- The prospects of **eastern Europe** taking part in broader regional cooperation were trampled by its post-war absorption into the Soviet sphere, and its obligation to follow the Soviet lead on foreign policy, which meant no cooperative deals with the West.

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). 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, which each earned the new label *superpower* (Fox, 1944) (see Chapter 26 for further discussion). Europe's decline 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:

1. Economic reconstruction was urgently needed if Europe was to recover and regroup, but it was clear that the region was too tired and drained to be able to achieve this alone.
2. Europeans not only continued to be suspicious of each other, but also faced the prospect of being the battlefield in a war between the Americans and the Soviets, leading perhaps to nuclear annihilation.
3. 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.

The question now was how to address those priorities and to break with a long tradition of conflict among Europeans.

## Rebuilding economies (1944–51)

The post-war international economic system was mapped out at a landmark meeting in July 1944, when economists and political 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. These would be underpinned by the new strength of the US dollar and the creation of two international organizations: the International Monetary Fund would encourage exchange rate stability, while the World Bank would lend to European countries affected by war. A third body, the International Trade Organization, failed to win US support and it was instead agreed to set up the General Agreement on Tariffs and Trade 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 the war had been underestimated: there was a brief post-war boom in western Europe, but growth was not sustained, food was still being rationed, and governments were using up their dollar reserves buying essential imports. Large amounts of capital investment were needed, and the only ready source was the US. 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), 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' (Marshall, 1947).

Within weeks, representatives of 16 western European governments had met in Paris to begin listing needs. Between 1948 and 1951 the European Recovery Programme, otherwise known as the **Marshall Plan**, was to provide \$12.5 billion in aid (Milward, 1984) (about \$130 billion in today's terms, adjusted for inflation). Even so, the long-term role and significance of Marshall aid remains contested. Hitchcock (2004) 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. On the other hand, the aid had psychological value: it reassured an economically nervous western Europe, helped bind 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 US insisted on 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 reducing 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 and Lambert, 1968). The OEEC was western Europe's first permanent organization for economic cooperation, encouraged cooperation among its 18 members, and helped reveal the degree of economic interdependence among its members (Urwin, 1995). (In December 1960 the OEEC was reorganized as the Organisation for Economic Co-operation and Development.)



### 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 US unilaterally ended the convertibility of gold and the US dollar, sparking exchange rate volatility and helping encourage western Europe to take the first steps in what would eventually lead to the creation of the euro.

#### Marshall Plan

A programme under which the US offered financial assistance to encourage post-war recovery in Europe. Often credited with providing the investments needed to pave the way for regional integration.

#### Organisation for European Economic Co-operation (OEEC)

An international body set up to coordinate and manage Marshall aid, which some see as the first significant step in the process of post-war European integration.



## TIMELINE

## First steps (1944–58)

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
	September	Churchill's 'United States of Europe' speech
1947	March	Announcement of Truman Doctrine
	June	George Marshall's speech at Harvard
1948	January	Benelux customs union enters into force
	March	Brussels Treaty creates Western Union
	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
1951	April	Signature of Treaty of Paris
1952	May	Signature of the European Defence Community treaty
	August	European Coal and Steel Community begins work
1953	March	Plans announced for European Political Community
1954	May	French defeat in Indochina
	August	Collapse of plans for European Defence Community and European Political Community
	October	Creation of Western European Union
1955	May	Creation of Warsaw Pact
1956	May	Opening of discussions on what would become the EEC
	Oct–Dec	Suez crisis
1957	March	Signature of Treaties of Rome
1958	January	Treaties of Rome enter into force

## Addressing external threats (1946–49)

Although economic reconstruction was their most immediate priority, western Europeans also worried about threats to their security, now more external than internal. The US 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. It soon became clear, though, 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.

The Americans expected that responsibility for European security would be shared with the British and the French, but neither had the resources to meet their end of the bargain. President Harry S. Truman concluded that the US should step into the breach, and in March 1947 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' (Truman, 1947).

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 signed the Brussels Treaty in March 1948, creating the Western Union 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 Atlantic Alliance. When they announced their plans in June 1948, 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 signed the North Atlantic Treaty in April 1949, under which the idea of mutual protection was expanded to include the US, 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 strong message to the Soviets, who countered in 1955 with the creation of their own defensive agreement, the Warsaw Pact (the Treaty of Friendship, Cooperation and Mutual Assistance).

#### **North Atlantic Treaty Organization (NATO)**

A defensive alliance created in 1949 among the US, Canada and most major western European states, designed in part to send a hands-off warning to the Soviet Union. More broadly known as the Atlantic Alliance.

### **The Council of Europe (1946-50)**

In the new atmosphere of receptivity to cooperation in western Europe, several pro-European groups were founded or revived, but what was lacking was a strong political lead. 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 and Lambert, 1968, p. 111). He repeated the suggestion in a speech co-drafted by Coudenhove-Kalergi (Salmon and Nicoll, 1997) and given in Zurich in September 1946. Thus prompted, 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 US. Opinion differed, though, on the meaning of European unity, and the **European Movement** was created later that year with a view to moving the debate along; 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, which has gone on to promote European unity with a focus on issues relating to democracy and human rights.

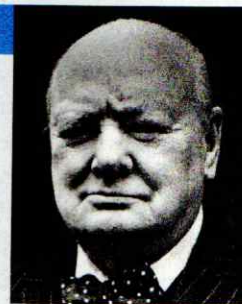




## PROFILE

## Winston Churchill

Winston Churchill (1874–1965) 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 set the tone for discussions about cooperation, including 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 (one-time prime minister of Belgium) and Robert Schuman.



Source: Alamy/Everett Collection Historical

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). As for the broader issue of European integration, though, the Council was too limited in its goals for the tastes of federalists.

With more practical goals in mind, Jean Monnet recruited to his cause Robert Schuman, the incumbent foreign minister of France. 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 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. 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), 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 (1950–52)

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, and cooperation might eliminate waste and duplication, boost industrial development, and ensure that West Germany became reliant on trade with the rest of western Europe (Milward, 1984). As to how to proceed, Monnet’s view was that a new supranational organization with powers and a life of its own was needed. He discussed this with Schuman and West German Chancellor Konrad Adenauer, and they agreed on the creation of a new body within which responsibility for coal and steel production could be pooled so as to lay the foundations for what might eventually become a European federation. Their proposal was announced by Schuman at a press conference in Paris on 9 May 1950 – almost five years to the day after the end of the war in Europe.

Despite the revolutionary qualities of the Schuman Plan, few other governments shared Monnet’s enthusiasm for its commitments, and only four agreed to sign up: Italy sought respectability and stability, and the three Benelux countries were small



## PROFILE

## 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 European Coal and Steel Community (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.



Source: EC - Audiovisual Service

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, they either had too many interests outside Europe, felt they had little to gain from pooling coal and steel, were still wary of the Germans, or had little interest in international cooperation.

Against this less than encouraging background, the governments of the Six opened negotiations in June 1950. There was resistance to Monnet's plans to break down coal and steel cartels, and the negotiations were hard, 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 new organization began work in August 1952, managed by four institutions: an executive High Authority, a Special Council of (national) Ministers, an advisory Common Assembly, and a Court of Justice charged with settling disputes.

Opinion on the long-term significance of the ECSC is divided. For Dinan (2014, pp. 58, 67), it was 'politically important and institutionally innovative but economically insignificant', and he doubts that it contributed much to Europe's economic growth. 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). Like the Marshall Plan and NATO, however, it had an important psychological effect, obliging the governments of the Six to work together and learn new ways of doing business.

### Internal and external shocks (1950-56)

Even as western Europeans worked on the ECSC, they were also working on two other cooperative initiatives that proved patently overoptimistic in their reach. The first of these was the **European Defence Community (EDC)**, which had first been proposed in 1949 by Konrad Adenauer, seeking West German remilitarization in the interests of self-defence. A draft plan was published in October 1950, speaking of the need for a common defence and a European army made up of units from different countries coming under the control of a European minister of defence, responsible to a council of ministers and a European assembly (Stirk and Weigall, 1999).

A draft EDC Treaty was signed in May 1952 by the six members of the ECSC, but it immediately faced two critical handicaps: it lacked support from

#### European Coal and Steel Community (ECSC)

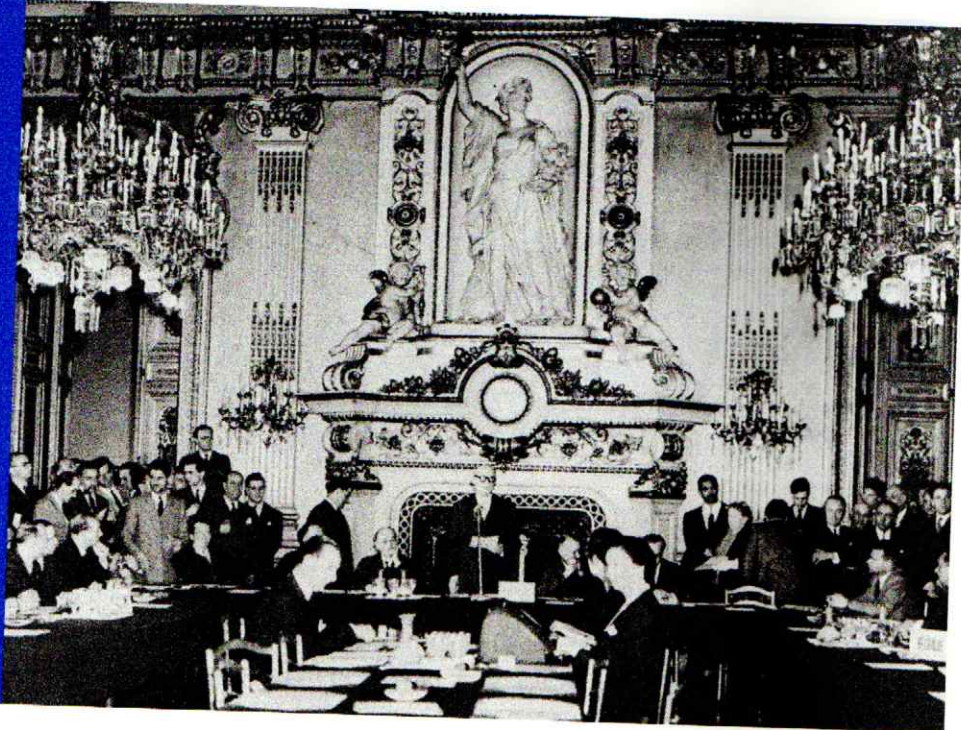
The first organization set up to encourage regional integration in Europe, with qualities that were both supranational and intergovernmental.

#### European Defence Community (EDC)

A failed plan to create a common European military as a means of binding a rearmed West Germany into western Europe.

**Illustration 4.1:**

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



Source: EC - Audiovisual Service

**Western European Union (WEU)**

A defensive alliance (created in 1948 as the Western Union) that was always to be overshadowed by NATO, and, in spite of being given a potential new role in EU defence in the 1990s, eventually became dormant.

**European Political Community (EPC)**

An attempt to create a political community to oversee the ECSC and the European Defence Community, which collapsed with the demise of the latter.

**Suez crisis** An attempt made by Britain, France and Israel to reverse Egypt's nationalization of the Suez Canal, leading to an international outcry, the humiliation of Britain and France, and a change in British attitudes towards European integration.

Britain, the only remaining large military power in Europe, and its core goal of building a Franco-German military force could not be achieved without the full remilitarization of West Germany, which was unlikely to happen for several more years. Then, in May 1954, came a humiliating blow to French pride and influence: the surrender of 12,000 French forces besieged by communists at Dien Bien Phu in French Indochina (for details, see Boylan and Olivier, 2018). In a sombre mood, the French National Assembly rejected the EDC Treaty in August.

Eager to encourage military cooperation that went beyond the loose obligations of NATO, Britain now proposed transforming the Western Union into the **Western European Union (WEU)** (Rohan, 2014). This was to be intergovernmental (in contrast to the supranational EDC), and reiterated the commitment made in the 1948 Treaty of Brussels that, in the event of an attack on one of its members, the others would respond with 'all the military and other aid and assistance in their power' (a commitment that went beyond the NATO obligation on a member to respond only with 'such action as it deems necessary'). The WEU – eventually created in 1954 – was also more than a security agreement: modifications to the Treaty of Brussels included agreement to 'promote the unity and to encourage the progressive integration of Europe'.

The second major initiative of the early 1950s was the **European Political Community (EPC)**. Prompted mainly by the desire to create a political control mechanism to oversee the EDC and the ECSC (Dinan, 2014), a draft plan was agreed in 1953. This included proposals for a European executive council, a council of ministers, a court of justice, and an elected bicameral parliament (anticipating much of today's EU). It was too soon to be thinking so ambitiously, though, and the collapse of the EDC also meant the end of the EPC.

Another shock was to follow, with the unfolding of the 1956 **Suez crisis**. Seeking funds to build a new dam on the Nile, Egyptian leader Gamal Abdel Nasser nationalized the British- and French-run Suez Canal in July 1956. The canal's strategic value was declining, and the nationalization had no impact on

British access, but because Nasser was considered a threat to western interests, the governments of Britain, France and Israel entered into an agreement by which Israel attacked Egypt in October, providing the British and the French with an excuse to step in and 'restore' peace in the canal zone. Coincidentally, the Soviets were cracking down on attempts by the Hungarian government to introduce democracy and withdraw from the Warsaw Pact, leaving the US in the invidious position of not being able to criticize the USSR without also criticizing British and French action at Suez. In the face of US demands, Britain and France withdrew from Suez with their tails between their legs.

The reverberations of Suez were to be felt for many years (see von Tunzelman, 2016): the dominant role of the US in the Atlantic Alliance was confirmed, the French were left more doubtful than ever about American trustworthiness and more convinced of the importance of western European policy independence (Lundestad, 2003), and Britain now began to realize that it was no longer a world power. Its leaders began to turn away from their traditional links with the empire, and started to look more towards Europe. Britain shunned the ECSC, but within five years of Suez, it had applied for membership of the European Economic Community.

### The European Economic Community (1955–58)

Chastened by the failures of the European defence and political communities, ECSC foreign ministers met in June 1955 in Messina, Sicily, and soon found their discussions turning to proposals for further economic integration. In the Messina Resolution, they agreed to consider working 'for the establishment of a united Europe by the development of common institutions, the progressive fusion of national economies, the creation of a single market, and the progressive harmonization of their social policies' (quoted in Weigall and Stirk, 1992, p. 94).

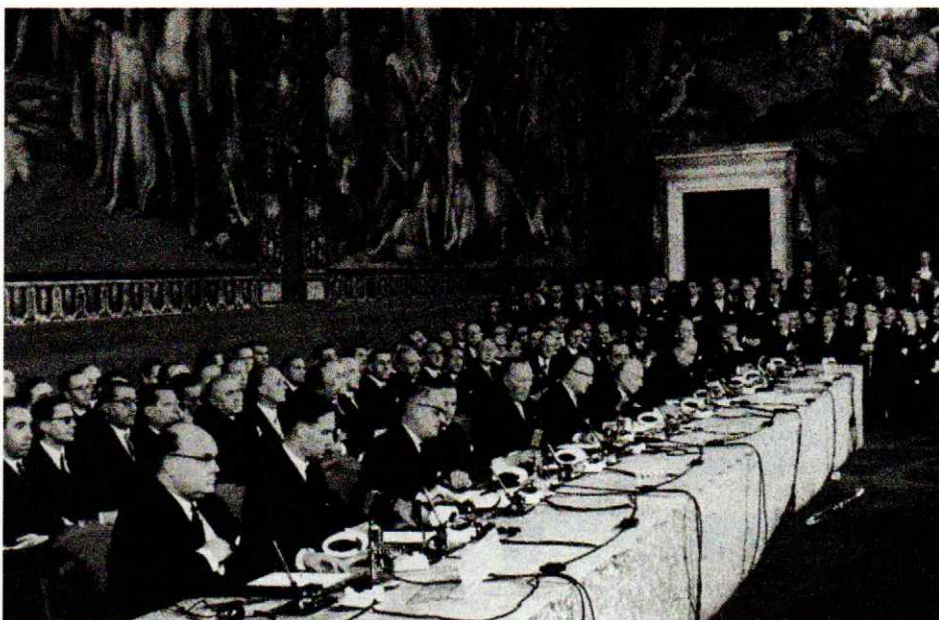
A new round of negotiations among the six ECSC members began in Venice in May 1956, paving the way for the signature on 25 March 1957 of the two Treaties of Rome, one creating the **European Economic Community (EEC)** and the other the **European Atomic Energy Community (Euratom)**. Following

#### European Economic Community (EEC)

An international organization created in 1957 with the key goal of establishing a single market among its member states.

#### European Atomic Energy Community (Euratom)

An international organization created in 1957 to coordinate research in its member states on the peaceful use of nuclear energy.



**Illustration 4.2:**

Delegates from six western European states gather in the Palazzo dei Conservatori on Capitoline Hill in Rome on 25 March 1957 to sign the Treaty of Rome.

Source: EC - Audiovisual Service



## CONCEPT

## Single market

A multi-state economic area, otherwise known as a common or internal market, in which there is free movement of people, money, goods and services – the so-called ‘four freedoms’. Although the main goal of the EEC was the creation of a single market, progress was halting until the passage of the 1986 Single European Act. Even critics of European integration mainly agree that the single market was a noble goal, and complain that integration has since far overstepped this basic idea. But a truly open market does not yet exist in the EU, because there are still restrictions on the movement of workers and limits on trade in services. (See Chapters 5 and 20 for more detail on the European single market.)

ratification by member state parliaments during 1957, both treaties entered into force in January 1958. Euratom was of more interest to the French than to others and was quickly relegated to focusing on research. The EEC was by far the more substantial experiment, committing its six members to several goals:

- The completion within 12 years of a **single market** in which there would be free movement of people, capital and services. Movement of workers was ‘subject to limitations justified on grounds of public policy, public security or public health’.
- The elimination of customs duties between member states, and agreement of a common external customs tariff so that all goods coming into the EEC, wherever their point of entry, were subject to the same duties and quotas.
- The establishment of common policies on agriculture, trade, transport and competition.
- The creation of a European Social Fund and a European Investment Bank.
- The use of the same core institutional structure as the ECSC (see Figure 4.1).

The early record of the EEC was mixed, which was perhaps inevitable, given that it was sailing uncharted waters. Internal tariffs and trade quotas were brought down, clearing the way for agreement in July 1968 of a common external tariff and an industrial customs union. This helped encourage accelerated economic growth, a halving of the contribution of agriculture to economic output, and a growth in trade among the EEC partners at a rate three times faster between 1958 and 1965 than that with third countries (Urwin, 1995). Non-tariff barriers to trade remained, however, mainly in the form of different national product standards. While the Common Commercial Policy allowed the Six to work as one in international trade negotiations, exploiting the new power of the single market, there was slow progress on developing a common transport policy and addressing regional economic disparities.

After much debate, a Common Agricultural Policy (CAP) was agreed in 1968 with the acceptance of a watered-down version of a plan drawn up by agriculture commissioner Sicco Mansholt (Pinder, 1991; Urwin, 1995). Very much

Figure 4.1 Structure of the European Economic Community

INSTITUTION	MEMBERSHIP	FUNCTION
Commission	Nine members appointed for six-year terms.	Initiating policy and overseeing implementation.
Council of Ministers	Government ministers sharing 17 votes. Some decisions unanimous, some simple majority, some requiring qualified majority of 12 votes from four states.	Making decisions on proposals from the Commission.
Parliamentary Assembly (renamed European Parliament in 1962)	142 appointed members (elected from 1979).	Could question or censure the Commission, but had little legislative authority.
Court of Justice	Seven judges appointed for renewable six-year terms.	Interpreting the treaties and ensuring that the EEC institutions and the member states fulfilled their treaty obligations.

Map 4.2 *The European Economic Community, 1958*

reflecting French national interests (specifically, how to manage its agricultural overproduction), the CAP created a single agricultural market and set guaranteed prices for almost everything produced by EEC farmers. However, it did this at the expense of encouraging overproduction, benefiting large-scale commercial farmers at the expense of small farmers, ignoring the environmental consequences of greater use of chemical fertilizers and pesticides, and making the CAP the largest item in the Community budget, which in turn diverted spending from other areas (see Chapter 23 for more details).

Institutionally, the EEC was intergovernmental and elitist in character, key decisions being made by government ministers and the staff of the European institutions with little reference to public opinion. The identity of the European Commission was fleshed out under the leadership of its first president, Walter Hallstein, and decision-making was streamlined in April 1965 with the signature of the Merger treaty, which created a single institutional structure for all three communities. The European Parliament shrewdly exploited its moral advantage as a 'representative' body to win more legislative authority, and the European Court of Justice contributed quietly but vitally by issuing judgments that changed the personality and the legal reach of the Community.

## Discussion questions

1. What were the major historical causes of European conflict and war?
2. What had changed by 1945 to make Europeans more receptive to the idea of cooperation?
3. Why were France and Germany so central to the interests of European integration?
4. How important were Bretton Woods, the Marshall Plan and the Suez crisis to the early history of European integration?
5. Was the European Economic Community the best that could have been achieved at the time, or could integrationists have afforded to have been more ambitious?

## Key terms

Council of Europe

European Atomic Energy Community

European Coal and Steel Community

European Defence Community

European Economic Community

European Movement

European Political Community

Marshall Plan

North Atlantic Treaty Organization

Organisation for European Economic Co-operation

Suez crisis

Western European Union

## Concepts

Bretton Woods system

Cold War

Single market

## Further reading

- Berend, Ivan T. (2016) *The History of European Integration: A New Perspective* (Routledge). A historical assessment centred on the role of the United States and of large corporations in the evolution of European integration.
- Dinan, Desmond (2014) *Europe Recast: A History of European Union*, 2nd edn (Palgrave Macmillan). The best general history of European integration, essential reading before moving on to more detailed or revisionist studies.
- Gilbert, Mark (2012) *European Integration: A Concise History* (Rowman and Littlefield). A history of European integration placed within the context of the wider history of the world since 1945.