

THE DEVELOPMENT OF THE EUROPEAN COAL AND STEEL COMMUNITY

by ~~Paul Griffin Johnson~~ 746 corr

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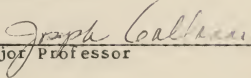
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CHAPTER I

THE BUMPY ROAD TO THE EUROPEAN COAL AND STEEL COMMUNITY

Religious leaders, generals, poets, philosophers, intellectuals, politicians, and businessmen have dreamed of a unified Europe. The modern movement toward European unification seems to have begun with the Duke of Sully who published his Grand Design in the middle of the seventeenth century. William Penn read this essay and then set up a plan of his own for European unification.¹ In 1693 he called for a European parliament which would represent the people, not the princes.² In 1713 at the Utrecht Conference the Abbé de Saint-Pierre, revising Sully's original proposals, circulated a Plan for Perpetual Peace. Still closer to our time was Rousseau's essay, A Lasting Peace Through the Federation of Europe, which adapted the earlier plans to the changed needs of the eighteenth century. Jeremy Bentham, an Englishman, further modified the earlier proposals when he brought forward a plan called the Plan for a Universal and Lasting Peace. Later even Napoleon Bonaparte's nephew, Napoleon III, was interested in the European unification movement. Under his patronage in the 1860's a League for Peace and Freedom was founded and held its first meeting in 1869. At this meeting Victor Hugo, one of the most

¹Sydney D. Bailey, "European Unity and British Policy," American Perspective, A Quarterly Analysis of Foreign Policy, IV (Fall 1950), p. 411.

²Hans A. Schmitt, The Path to European Union: From the Marshall Plan to the Common Market (Baton Rouge: Louisiana State University Press, 1962), p. 4.

articulate spokesmen for European unification, eulogized on a United States of Europe. In this same year, 1869, Edouard Loewenthal, a German, founded the League for the Union of Europe. His group under the leadership of Charles Lemonnier survived the Franco-Prussian War, maintaining itself through spurts of activity and publicity until 1914.³ Europeans tended to ignore propaganda for peace and a united Europe when there were no wars; thus it was difficult for this League for the Union of Europe to maintain itself. Just prior to World War I it was inactive.

Generally speaking, one can say that before 1945 movements to unite Europe were either theoretical, as those previously mentioned, or were unsuccessful movements involving the use of considerable military force to achieve political reorganization. Probably the most forceful of the would-be unifiers were Augustus Caesar, Charlemagne, Napoleon, and Hitler. The Romans under Augustus Caesar tried to unite all of Europe under Roman rule, but without success. The Carolingians under Charlemagne attempted around 800 to rebuild a universal empire patterned after the Roman Empire but centering in Western Europe. They, too, were unsuccessful.⁴ The Holy Roman Empire, another strong attempt to unify Europe, found its success more apparent than real. Proclaimed in February 962, it lasted until 1806 at which time Napoleon forced Francis II to abandon it.⁵ After Napoleon destroyed the Holy

³Ibid., p. 7.

⁴J. S. Davies, From Charlemagne to Hitler: A Short Political History of Germany (London: Cassell, 1948), p. 13.

⁵Ibid., p. 25.

Roman Empire, he tried to unify all of Europe under French hegemony, but he too was not successful. Napoleon's conquests made Europeans more conscious of their nationalism, an awareness which proved to be very disunifying. A century and a half after Napoleon, Hitler set himself the task of unifying all of Europe, but he was no more successful than his predecessors had been. In fact, before World War II the efforts of none of these theorists or activists achieved results. It was the twentieth century businessman who finally claimed this victory.

One of the strongest supporters of European unification was Count Coudenhove-Kalergi,⁶ the father and prophet of the modern movement for European unification. He and other partisans of European unification began to work for European unification soon after World War I. To support his movement, Count Coudenhove-Kalergi began in 1923 the publication of Pan-Europa which served as a voice for his point of view.⁷

Count Coudenhove-Kalergi believed that unification would enable European industry to maintain pace with Russian, American, and British industry. He called for "a pan-European mining industry" to work to forestall any possible rapprochement between Germany and

⁶Count Richard N. Coudenhove-Kalergi was born on November 16, 1894, the son of an Austrian diplomat and a Japanese woman. He owned several castles in Europe. After World War I when the Austrian Empire was broken up, his home was in Czechoslovakia. At this time he became a prime mover in the European movement. He came to the United States during the Second World War and taught at New York University. He returned to Europe after the War and continued his pan-European activity.

⁷Sergio Barzanti, The Underdeveloped Areas Within the Common Market (Princeton: Princeton University Press, 1965), p. 377.

the Soviet Union. A disunited Europe, he believed, would ultimately come under the domination of the Soviet Union.⁸

Some partisans of European unification, including Count Coudenhove-Kalergi, believed that European unification would be served through an appeal to the European diplomats, government officials, intellectuals and scholars. It was through them rather than the League of Nations that Count Coudenhove-Kalergi hoped to reach the common man. To facilitate this an extensive number of pan-European organizations were set up; but they were little more than study and discussion groups.⁹ Other partisans of European unification did not depend on the League of Nations either; they saw it only as a body of world arbitration. Some French statesmen, however, were partisans of a unified Europe which would be established with the aid of the League of Nations.

Aristide Briand,¹⁰ the strongest supporter of European unification along with Count Coudenhove-Kalergi, was the major figure in the movement. On September 5, 1929 Briand, who was then the French Foreign Minister, presented a plan for European unification at the League of Nations' meeting in Geneva. In this plan he proposed the creation of a federal organization of European states

⁸Louis Lister, Europe's Coal and Steel Community; An Experiment in Economic Unity (New York: Twentieth Century Fund, 1960), p. 5.

⁹Arnold John Zurcher, The Struggle to Unite Europe 1940-1958 (Washington Square: New York University Press, 1958), p. 5.

¹⁰Aristide Briand, 1862-1932, a French statesman born at Nantes, was eleven times French premier and was foreign minister from 1925-1932. He shared the 1926 Nobel Prize for peace with Gustav Stresemann and was an advocate of a United States of Europe.

with real political power. In a subsequent memorandum he proposed two agencies: a legislative conference and an executive committee. However, no one had the courage to attack the notion of national sovereignty so the plan did not achieve very much except to draw attention to the fact that Europe should be united. Had not Gustav Stresemann,¹¹ Briand's counterpart in Germany, died in October of 1929, Briand's plan would probably have enjoyed more support and prestige, and perhaps fruition, because Stresemann gave the proposal his strong support. Stresemann, in support of Briand's proposal, had addressed the League of Nations in September 1929. He argued that the new countries which had been formed at the end of World War I were not yet economically integrated into Europe. This condition, he said, could not continue; it must be ended because "the existing diversity is . . . injurious to European commerce" He suggested that Europe create a new currency and a uniform postage stamp.¹² His death brought these proposed projects to an early end.

Other factors associated with German history helped to discourage support for Briand's plan. The enormous gains that the Nazis made in the elections of 1930 were a principal factor.¹³

¹¹Gustav Stresemann, 1878-1929, a German statesman, became leader of the National Liberal Party and founded its successor, the German People's Party, after World War I. He was Chancellor of the Weimar Republic for a few months in 1923 and Minister of Foreign Affairs from 1923-1929.

¹²Edouard Herriot, The United States of Europe, trans. Reginald J. Dingle (London: George G. Harrap and Company Ltd., 1930), p. 53.

¹³Schmitt, The Path to European Union, p. 8.

Until this election the Nazis had held only twelve seats, but now that number was increased to 107 seats, making the Nazi Party the second strongest party in the Reichstag.¹⁴ In his autobiography Count Coudenhove-Kalergi gives us his account of the impact this election made on the delegates at the Geneva meeting in September 1930. He notes that

As news of the Reichstag's elections poured into Geneva that day, the faces of the German delegates grew pale and worried, while Briand's enemies could hardly conceal their joy. France could no longer rely on Germany's good will for the future. Stresemann had given the world the illusion that German democracy was consolidated, but the wall had been rent, and the true facts stood revealed. More than ever France needed her national strength and England's full political and military collaboration. It was out of the question that she jeopardize Britain's good will by leaning to the side of her enemies. The German elections defeated, in a definite manner, Briand and Pan-Europe.¹⁵

Economic problems in Germany also disturbed European partisans. Unemployment, a disappearing national credit, the exploitation of German capital and noisy revolutionary demonstrations by both the Left and the Right caused concern. At this point the German government, perhaps to bolster its prestige, declared a customs union with Austria without consulting the other European powers. Their angry reaction forced Germany to renounce the customs union.¹⁶

In the light of the then contemporary events in Germany and in view of Great Britain's refusal to join any European unification

¹⁴Richard N. Coudenhove-Kalergi, Crusade for Pan-Europe: Autobiography of a Man and a Movement (New York: G. P. Putnam's Sons, 1943), p. 136.

¹⁵Ibid.

¹⁶Ibid.

movement,¹⁷ it is not surprising that Briand's proposal was watered down and embodied in an organization called the Study Group on European Union.¹⁸ At the September 1930 Geneva meeting L. S. Amery,¹⁹ Great Britain's delegate, explained her attitude toward the Briand proposal as sympathetic and interested; but he stated further that Great Britain was irrevocably tied to her dominions and therefore could not join any European union.²⁰ Winston Churchill had stated a similar view earlier on February 15, 1930 when he said that the British people would not stand in the way of the development of continental unity. He added that "We are with Europe, but not of it. . . . We are interested and associated, but not absorbed."²¹ Contrary to the aloof but sympathetic spirit of Churchill and Amery, The Daily Express was very hostile to Briand's proposal for a federated Europe, especially

¹⁷Schmitt, The Path to European Union, p. 8. Schmitt states that Britain never paid more than lip service to Briand's proposals. See also John Foster Dulles, War or Peace (New York: The Macmillan Company, 1950), p. 214. Dulles states that "England made it her policy to keep the continent divided so that she could be the balance of power." Also see Hajo Holborn's discussion of this in "American Foreign Policy and European Integration," World Politics, VI (October 1953), p. 10.

¹⁸Zurcher, The Struggle to Unite Europe 1940-1958, p. 8.

¹⁹Leopold Charles Maurice Stennett Amery, 1873-1955, a British Conservative politician, was Colonial Secretary from 1924 to 1929 and from 1925 Dominions Secretary as well. In the 1940 Churchill administration he was Secretary of State for India and Burma, a post he held until 1945. He was a lifelong champion of the British Commonwealth.

²⁰Coudenhove-Kalergi, Crusade for Pan-Europe, p. 134.

²¹Winston Churchill, "The United States of Europe," The Saturday Evening Post, CCII (February 15, 1930), p. 51.

if Great Britain were to be included. It stated indubitably that Great Britain would not join Europe fiscally, politically, nor economically. Expressing an isolationist position, it stated ". . . let Great and Greater Britain find their first and widest market in buying and selling among themselves. . . ." Other English newspapers such as The Evening Standard, The Morning Post, and The Daily Telegraph supported a similar position.²²

Even before Briand's retirement from politics and his death in 1932, the pan-Europe movement began to disintegrate rapidly.²³ The largest pan-European cell located in Berlin was destroyed with the Nazis' advent to power.²⁴ The depression, rampant Nazism and Facism destroyed any attempts to unify Europe in the 1930's.

During World War II pan-Europeanism for post war Europe had supporters. Winston Churchill supported European union with his plan for regional councils. Churchill made two communications concerning these councils. The first one was a secret memorandum to the British War Cabinet dated October 1942. In this memorandum he stated:

'It would be a measureless disaster if Russian barbarism overlaid the culture and independence of the ancient states of Europe. Hard as it is to say now I trust that the European family may act unitedly as one under a Council of Europe. I look forward to a United States of Europe in which

²²Herriot, The United States of Europe, p. 52.

²³Schmitt, The Path to European Union, p. 9. See also Ernst B. Haas, "The United States of Europe: Four Approaches to the Purpose and Form of a European Federation," Political Science Quarterly, LXIII (December 1948), p. 529.

²⁴Schmitt, The Path to European Union, p. 10.

the barriers between the nations will be greatly minimized and unrestricted travel will be possible. I hope to see the economy of Europe studied as a whole. I hope to see a Council of perhaps ten units, including the former great powers. . . .²⁵

His second communication about a Council of Europe was a broadcast to the world on March 21, 1943; it was this broadcast which the French heard and agreed with.

One can imagine that under a world institution embodying or representing the United Nations . . ., there should come into being a Council of Europe

. . . we must try to make the Council of Europe, or whatever it may be called, into a really effective league, with all the strongest forces concerned woven into its texture with a high court to adjust disputes and with forces, armed forces, national or international or both, held ready to enforce these decisions and prevent renewed aggression and the preparation of future wars.

Anyone can see that this Council, when created, must eventually embrace the whole of Europe and that all the main branches of the European family must some day be partners in it.²⁶

During the war the idea of European unification spread to the ranks of the underground resistance movements and became a part of their program. Combat, one of the organs of the French resistance, had proclaimed its support of a United States of Europe as early as 1942. Dutch patriots supported the general idea. Carlo Sforza led the Italian exiles in search of a new order after the war. The Christian Democrats took up Sforza's quest for a united Europe and spread pan-Europeanism throughout Italy. Another Italian, Eugenio Colomi, distributed his clandestine newspaper

²⁵Frederick L. Schuman, "The Council of Europe," American Political Science Review, XLV (September 1951), p. 726.

²⁶Winston Churchill, "Speech by Prime Minister Winston Churchill," broadcast from London, March 21, 1943, International Conciliation, no. 391 (June 1943), p. 445.

L'Unita Europea in Rome two months before the overthrow of Mussolini.²⁷

Various European resistance groups supporting federation as a means for European unification sent delegates from eight countries to Switzerland in 1944 to discuss Europe's future.²⁸ These delegates declared that federation was the only means by which Europe could survive. Germany would be permitted to rejoin the family of European nations through this European federation.²⁹ They proposed that the government of a federated Europe should be patterned after the government of the United States. Like the United States, the newly federated government should regulate interstate commerce, handle diplomatic relations with other powers, and be responsible for defending the continent.

As long as the war was in progress, the movement for a strong federated and united Europe gained momentum, but as soon as the war was over the Allies (France, Britain, the United States, and the Soviet Union) began to disagree on basic policies and the European countries began to drift apart³⁰ even though they did realize that they were only midgets in a world of giants and that only united could they play a prominent part in world affairs.³¹

²⁷Schmitt, The Path to European Union, p. 15.

²⁸Ibid., p. 16.

²⁹Zurcher, The Struggle to Unite Europe 1940-1958, p. 19.

³⁰Schmitt, The Path to European Union, p. 16.

³¹Barzanti, The Underdeveloped Areas Within the Common Market, p. 378.

They knew that Europe " . . . was no longer the political center of the world." Both the Soviet Union and the United States had emerged from the war infinitely stronger. In the face of such overwhelming strength and in the face of nuclear weapons, the European countries realized that separately they were not in a position to influence world affairs to a very high degree.³²

Immediately after World War II it was a question of the feasibility rather than the desirability of European unity. "France, whose resistance had given so much substance to the idea of European unification, was too preoccupied with domestic grief to provide continental leadership."³³ Europeans must have bread to eat; union could wait; the most immediate problem was obtaining food, fuel, and capital for reconstruction.

By 1947 serious financial and economic problems faced Europe. Europe could not provide capital for long-range construction; food and fuel shortages became critical. Goods could be purchased in the United States but a lack of dollars made purchasing impossible.³⁴ The French government was forced to restrict buying abroad and to cut the basic bread ration at home. Great Britain found herself in a similar position because she had to import billions of dollars worth of goods and to get her factories and

³²Michael Curtis, Western European Integration (New York: Harper and Row, 1965), p. 6.

³³Schmitt, The Path to European Union, p. 16.

³⁴Political and Economic Planning, European Organisations (London: George Allen and Unwin Ltd., 1959), p. 4. Hereafter cited as European Organisations.

industries going again and then in turn sell billions of dollars worth of goods in order to repay her debts.³⁵ Western Europe was receiving far less from Eastern Europe, the Far East, and Latin America after the war than before. The shortages of these goods had to be made up by imports from Canada and the United States, thereby creating a "dollar shortage."³⁶

Great Britain's inability to continue aid to Greece and to Turkey after March 1947 brought to the attention of the United States the critical economic problems. Under the Truman Doctrine in March 1947 the United States sent planned aid to Greece and Turkey. But she did not care to aid these countries indefinitely. In June 1947 General George Marshall, President Truman's Secretary of State, gave a speech at Harvard in which he urged the Europeans to plan a cooperative program whereby the United States might assist European recovery. In order to be a cure and not a mere palliative, he pointed out, this assistance must not be made on a piecemeal basis.³⁷ The United States' first Economic Act of 1948, however, made no mention of European unification. The next year, though, saw the statement of economic aid amended to read that the United States encouraged the unification of Europe.³⁸ Thereafter

³⁵Schmitt, The Path to European Union, p. 18.

³⁶Miroslav A. Kriz, "The Tasks of Economic Statesmanship in the World Today," Political Science Quarterly, LXXI (September 1956), pp. 321-322.

³⁷European Organisations, pp. 43-45.

³⁸U. S., 82nd Congress, Senate, "The Union of Europe: Its Progress, Problems, Prospects and Place in the Western World," Senate Document no. 90 (Washington: Government Printing Office, 1952), p. 7.

the United States government became more and more insistent on European unification.

Simultaneously with the establishment of the Marshall Plan, Europe was to take a number of steps which would entail economic recovery and European union. In 1948 the Organization for European Economic Cooperation was established whereby planning was to be done on a European basis although the actual expenditure of funds was to be dealt with on a national basis. Excited by the apparent progress being made toward European unity, the European Movement Organization met at the Hague in May 1948. Included were all groups which supported economic unification with the exception of Coudenhove-Kalergi's Parliamentary Union³⁹ which refused to join.⁴⁰ At the meeting of the European Movement Organization Paul Ramadier said that it was impossible to keep economic problems, defense problems, and political problems separate. If the Marshall Plan were to bear "substantial fruit" for Europe, then Europe should accompany the Plan "step by step with a parallel policy of closer political union."⁴¹ The Marshall Plan,

³⁹Filmer Stuart Cuckow Northrop, European Union and United States Foreign Policy (New York: The Macmillan Company, 1954), p. 6.

⁴⁰Zurcher, The Struggle to Unite Europe 1940-1958, p. 26. Coudenhove-Kalergi's Parliamentary Union refused to join because they wanted "a true federal union with federal organs of government that would seriously limit the national sovereignty of the various European states."

⁴¹Northrop, European Union and United States Foreign Policy, p. 6.

it was believed, would force Europe to unite. England alone could remain outside this union.⁴²

Americans themselves were divided in their attitude toward European union. President Roosevelt had opposed it during the war, but other American leaders, such as Fulbright of Arkansas, Hatch of New Mexico, and Burton of Ohio, had been in favor of European unification.⁴³ Despite Roosevelt's opposition to European unification, a sub-committee on European organization, meeting on January 7, 1944, agreed on a set of particulars under which European union might be compatible with American interests: "1. The organs of the union should be democratic and provide opportunity for periodic reconsideration of the scheme by its members. 2. No European state was to be merged with another against the wishes of its citizens. 3. Each European nation should remain a diplomatic entity and . . . maintain a separate representation in a world organization."⁴⁴ Fearing that unification would be undesirable from the American economic point of view, this sub-committee was somewhat hesitant about favoring European unification. Many national tariff barriers might be replaced with one onerous European tariff barrier. Any power strong enough to unite Europe might also be dangerous.⁴⁵ On the other hand, some

⁴²Charles Grove Haines, ed., European Integration (Baltimore: The Johns Hopkins University Press, 1957), p. 54.

⁴³Zurcher, The Struggle to Unite Europe 1940-1958, p. 14.

⁴⁴Schmitt, The Path to European Union, p. 14.

⁴⁵Ibid., p. 13.

kind of political reorganization might be necessary to prevent "non-European" conquest,⁴⁶ in other words, conquest by the Soviet Union. At the same time, European unification could allay French fears of Germany because France was becoming increasingly insistent that German industry be controlled by an international organization. There were also those who said that a united European economy would bring higher salaries and a greater demand for American goods.⁴⁷ There were hints as early as December 1945 that the Truman administration favored the unification of Europe⁴⁸ and by August 1947 the Truman administration officially supported European unity. George Creel in an article for Collier's Magazine presented the administration's position.⁴⁹

At this time the United States' official sanction of European unification did not mean much to the average European because he was engrossed in obtaining fuel and food. Neither was it of primary importance to the political leaders who were preoccupied with two other problems which they deemed more pressing at this point in Europe's history. These two problems revolved around the Ruhr and Germany. Leaders asked themselves the questions: "What can be

⁴⁶Schmitt, The Path to European Union, p. 14.

⁴⁷Ibid.

⁴⁸George Creel, "The United States of Europe," Collier's, CXVI (December 22, 1945), p. 14.

⁴⁹_____, "The Trail's Blazed, Mr. Truman," Collier's, CXX (August 9, 1947), p. 82.

done about the Ruhr?" and "What can be done about Germany?"⁵⁰ The Ruhr in itself is not a large area. It stretches only about thirty miles from Duisburg to Dortmund and is only about fifteen miles wide from the North to the South. However, within its approximate two hundred square miles there lives a population of about five million people. Important as the Ruhr area was to Germany before World War II, it was more important to her afterwards because she lost all of Silesia to Poland.⁵¹ The answer to why the Ruhr and French Lorraine area was so important to both Germany and France lies in the fact that their economic prosperity rested upon how well the interdependent industries of these two areas functioned.⁵² Outside of the Ruhr, "the Saar basin contains the most extensive coal deposits of any single district in western Continental Europe."⁵³ After the Saar, Lorraine, and the Ruhr, there remain only the Rhineland, Luxembourg, Belgium, and a strip across Northern France for the mining of coal and the production of steel.⁵⁴

Historically these two areas became economically important in the late nineteenth century. Their interdependence began after

⁵⁰William Diebold, Jr., The Schuman Plan: A Study in Economic Cooperation 1950-1959 (New York: Frederick A. Praeger, 1959), p. 28.

⁵¹Lister, Europe's Coal and Steel Community, p. 24.

⁵²Guy Greer, The Ruhr-Lorraine Industrial Problem: A Study of the Economic Inter-Dependence of the Two Regions and Their Relation to the Reparation Question (New York: The Macmillan Company, 1925), p. xvii.

⁵³Ibid., p. 22.

⁵⁴Ibid., p. 20.

the Franco-Prussian War. From France Germany annexed Lorraine, rich in iron ore which she moved to her coal in the Ruhr by excellent transportation facilities set up especially for this purpose. Transporting the iron ore to her coal was much less expensive than moving the coal to the iron ore. Germany did not stop there in making as much use of the Ruhr-Lorraine area as she could. She adopted Sidney Gilchrist Thomas' new method of removing phosphorus from iron ore, a process which not only increased the amount of iron ore but also developed an important by-product, fertilizer, from the phosphorus impregnated slag, thus reducing the cost of production.⁵⁵ Although working on the basis of self-interest, Germany had shown that it was possible to integrate the two most important industrial complexes in Europe.

Following World War I Europeans wondered what the future of this highly developed Ruhr-Lorraine complex would be when France regained Lorraine. Germany had recently exploited Lorraine for her own self-interests. France chose a policy of investing as little as possible and at the same time getting the maximum benefits. Her decision was motivated by Lorraine's indefensible geographical position.⁵⁶ Convinced that she could not defend Lorraine in a war against Germany, she began making various proposals in search of economic readjustment. In 1927 Louis Loucheur, the French Minister of Commerce, proposed an economic union through a network of cartels. The French government went so far as to

⁵⁵Ibid., p. 35.

⁵⁶Ibid., p. 38.

suggest to "the League Commission of Enquiry for European Union that cartels should control imports within an economic union and that the import duties on cartel products be refunded."⁵⁷ This idea of cooperation through industrial agreements also gained some support from various committees of the League of Nations and the International Chamber of Commerce.⁵⁸ An International Steel Cartel was established involving a quota system. Failure by Germany to comply with the quota system led to friction between France and Germany and a revision of the Steel Pact in February 1930 ⁵⁹ raising Germany's quota.

Following World War II the Allies became interested again in the possibility of handling the Ruhr through a European economic organization. As the Allies continued searching for answers to the Ruhr and Germany questions, two plans gained wide acceptance. One aimed at preventing Germany from ever again using the industrial resources of the Ruhr as a means of waging war; the second aimed at taking the Ruhr's industrial resources and using them for the good of all Europe. The major disagreement arose over how these goals would be achieved. Some felt that it would be best either to break Germany up into a series of small states or to separate the Ruhr and other border areas from Germany and annex them to France or to some of their neighbors. Others felt

⁵⁷Lister, Europe's Coal and Steel Community, p. 6.

⁵⁸Jacob Viner, The Customs Union Issue (New York: Stevens & Sons Limited, 1950), pp. 5-6.

⁵⁹Herriot, The United States of Europe, pp. 142-145.

that it would be best to put key industries of the Ruhr under international control. One version of the Morgenthau Plan called for complete pastoralization of the entire country including the Ruhr.⁶⁰

Major differences between the Allies over the settlement of the Ruhr affected this solution. In 1947 the British had begun a decartelization program in the Ruhr, but it was not successful. A team of observers from the United States recommended after visiting the Ruhr in the summer of 1948 the recartelization of the decartelized steel industries. The unfriendliness of big steel producers to the new firms, their small capital sums, and their smallness in size were the three major factors which motivated the Americans to advise the British to recartelize the new steel industries which the British had established.⁶¹

Aware of the haughty attitude of the German steel magnates and the failure of the decartelization movement, the French became

⁶⁰Diebold, Jr., The Schuman Plan, p. 29.

⁶¹"The Ruhr Reborn," Nation, CLXVIII (January 1, 1949), pp. 3-4. The American team of observers consisted of eight directors of U. S. Steel and one representative of the Congress Committee for Marshall Plan aid. They did not inform the British that they were making the tour. Each new steel firm that was set up under the British was given only 100,000 Reichsmarks as its capital sum, an insufficient sum compared with the amount of capital which Thyssen, von Krupp, Reusch and other steel magnates had to operate with. See also Nicolas Clarion, "The Ruhr Arsenal: German or European," New Republic, CXX (February 14, 1949), pp. 20-21. The Berlin correspondent to the New York Times said in November 1948 that the British had broken up the cartels too much and that there must be more integration.

more and more frantic about potential German strength.⁶² In order to allay French fears and to avoid the Soviet Union's proposed four-power control of the Ruhr, the United States and Britain cooperated with France in setting up the Ruhr Authority.⁶³ Discussions began in February and March of 1948 and the final agreement was signed in April 1949. It was agreed that the resources of the Ruhr would be used in the interests of peace and that these resources would be distributed on an equitable basis to those countries which were cooperating for the economic good of all. In accordance with this, an Authority was created which had as its primary function the allocation of the Ruhr's output of coal, coke, and steel between exports and domestic use, taking into account Germany's essential needs.⁶⁴

For the European powers there were some unsatisfactory aspects to the Ruhr Authority. France was not especially pleased with it as it was finally established. She had supported tighter control over industry and international ownership of the production of coal and steel. The British and the Americans had insisted that the question of eventual ownership would not be decided until a

⁶²"The Ruhr Reborn," p. 3. In 1947 Reusch contemptuously declined to accept payment for the raw-material stocks of his decartelized works at Oberhausen and ostentatiously resigned from the new steel employers' association as soon as representatives of the newly created firms joined it. During 1947 seventeen new firms were set up by removing the blast furnaces from the combines. These new companies were legally registered, but no change of capital ownership took place.

⁶³Schmitt, The Path to European Union, p. 52.

⁶⁴Diebold, Jr., The Schuman Plan, p. 32.

representative government for Germany was set up.⁶⁵ The Germans, especially those in the Soviet Zone, were dissatisfied with the Ruhr Authority. The East German Communist Press denounced it as "the rape of western Germany". Some West Germans were also unhappy about the Ruhr Authority. Ernst Reuter,⁶⁶ mayor of West Berlin, complained that the "vague and general terms" of the Ruhr Authority "create the possibility of perpetual interference with all the activities of future German governments."⁶⁷ The nature of the executive council of the Ruhr Authority disturbed the Germans. Each occupying power had three votes and each Benelux country had one vote. Germany would have three votes when she regained her sovereignty. Meanwhile, non-Germans were controlling German industry, on German soil, manned by German workers, and for the most part paid by German capital.⁶⁸ German dissatisfaction with the Ruhr Authority would eventually make her eager to

⁶⁵Ibid., pp. 32-33. See also Schmitt, The Path to European Union, pp. 52-53. For a discussion of French fears about eventual ownership of the Ruhr and the Ruhr's importance see Clarion, "The Ruhr Arsenal," pp. 20-21.

⁶⁶Ernst Reuter became a Communist in 1917 and was appointed by Lenin as Commissar of the German speaking Volga German Republic. In 1918 he returned to Germany; there in 1921 he resigned the secretary-generalship of the German Communist Party and became a Social Democrat, also becoming editor of their Party organ, Vorwärts. He served Berlin as assemblyman and transport official. Put into a concentration camp by the Nazis, he was rescued by the British and in 1935 went to Ankara, Turkey to teach city administration. He returned to Berlin in 1946, was elected mayor but this was vetoed by the Russians and the Americans, and was again elected mayor in 1948 at which time he took office.

⁶⁷"Plan for the Ruhr," Nation, CLXVIII (January 8, 1949), p. 32.

⁶⁸Schmitt, The Path to European Union, pp. 52-53.

cooperate with France and Frederick Schuman⁶⁹ in the European Coal and Steel Community in 1952.

Meanwhile the Ruhr Authority was not successful. The Allies were handling most of the problems which it was supposed to handle. In addition to this, the course of events caused German economic recovery and political rehabilitation to become more and more urgent in the eyes of the Allies. The United States had to make a choice about German industry. She could either cut German industry back to the bare necessities and help feed the German people, or she could relax the restrictions and let German industry begin to rise toward peak production again. Faced with this choice and the inflexible foreign policy of the Soviet Union,⁷⁰ the United States halted the dismantling of German industry once and for all in November 1949.⁷¹ American action and attitude were prompted by the new isolationist wave that was developing in the United States during the early 1950's.

Clearly Europe needed a new plan. The economic crisis coupled with German dissatisfaction over the Ruhr Authority prepared

⁶⁹Frederick Schuman, French lawyer and statesman, was born in 1886 and lived near the Luxembourg border. He entered the First World War on the side of Germany and fought in World War II on the French side. He was the French Foreign Minister who proposed the Schuman Plan which set up the European Coal and Steel Community in 1952.

⁷⁰On Soviet intransigence and inflexibility see Haynes Mahoney, "Allied Watch on the Rhine," The Department of State Bulletin, XXII (April 10, 1950), p. 548.

⁷¹Schmitt, The Path to European Union, p. 52. See also Holborn, "American Foreign Policy and European Integration," p. 8.

the way for Jean Monnet⁷² and Frederick Schuman. As early as June 6, 1948 the ministers-presidents of the Lander in the three western zones of occupation met. From this meeting a statement was issued which did not criticize the proposed Ruhr Authority but which suggested that if there were to be international control over the Ruhr it should apply to all major industrial centers of western Europe and that the Germans should participate in it. A year and a half later, during late 1949, the idea of Western European economic integration was expressed again by Karl Arnold, Minister-President of North Rhine-Westphalia. Arnold said, in a radio address, that a plan for voluntary association should be set up embracing the Ruhr of Germany, Lorraine of France, and the industrial complexes of Luxembourg and Belgium.⁷³ Arnold's opinions were important because the other ministers-presidents had given him the primary responsibility of speaking about the Ruhr problem for all of Germany.⁷⁴ At this time, late 1949, the Ruhr Authority was being heavily criticized in West Germany. The west Germans thought the system of coal allocation was unfair and that coal was being sent out of the country when it was needed at home.⁷⁵

⁷²Jean Monnet, French statesman, was born in 1888 at Cognac, was educated locally, and in 1914 he entered the Ministry of Commerce. A distinguished economist and expert in financial affairs, he was awarded the Prix Wateler de la paix in 1951. He planned the Coal and Steel Community and served as president of the European Coal and Steel Community High Authority from 1925 to 1955.

⁷³Diebold, Jr., The Schuman Plan, p. 35. See also Schmitt, The Path to European Union, p. 54.

⁷⁴Ibid., p. 36.

⁷⁵Ibid., p. 35.

Public opinion in Germany supported the idea of international control of all the great industrial centers of Western Europe.

The Allies, and especially the French, distrusted the German support for internationalism. But the Germans pointed out to them that, being in no position to make demands, they were talking in good faith. Gradually the Allies accepted this idea.⁷⁶ They welcomed the belief that Germany's desire to be economically integrated with the rest of Western Europe sprang from her desire to be treated as an equal and from her old ambition to recreate the "natural unities."⁷⁷ The idea of internationalized industry gained more and more impetus, not only in German circles, but also in European and American circles.

Diplomatic exchanges between France and Germany over the Saar opened the door for Schuman's proposal. These exchanges were made possible by France when she signed an agreement with the Saar on March 3, 1950 recognizing both its political autonomy and its economic union with France. At the same time an invitation arrived in Bonn asking West Germany to join the Council of Europe which had been established in 1949 by Britain and France. Since the Saar was also a member of the Council of Europe, Konrad Adenauer⁷⁸ faced a dilemma because if he joined the Council of

⁷⁶Ibid., p. 36.

⁷⁷Ibid., p. 37.

⁷⁸Konrad Adenauer, German statesman, was born in 1876 at Cologne of which he was Lord Mayor twice, in 1917 and again in 1945. Imprisoned by the Nazis in 1934 and 1944, he founded the Christian Democratic Union. Chancellor of West Germany from 1949-1963, he was a staunch supporter of the West and of European unification.

Europe he would appear to be recognizing the Saar-French Agreement. Three days after the Saar-French Agreement Adenauer told a news conference that "France's unilateral action in the Saar was 'a heavy blow to the cause of Franco-German understanding.'" Foreign Minister Schuman replied immediately that "the March agreement should not be regarded as an obstacle to the restoration of normal, cordial relations." Adenauer then suggested that "'a beginning should be made with an economic and customs union between the two countries.'" Adenauer still had not made a decision concerning membership in the Council of Europe. While his cabinet was meeting to decide the Council of Europe membership, an official from the French Foreign Office arrived and informed him of the essence of Schuman's forthcoming news conference in which he would place his plan for the formation of the Coal and Steel Community before the world. Adenauer quickly made two decisions: he would join the Council of Europe and he would negotiate on the Schuman Plan.⁷⁹

The Schuman Plan, a plan for the European Coal and Steel Community, had been worked out in secret by Jean Monnet. In his planning, Monnet knew that the European nations were not ready to give up political power and that he must start with some non-sensitive area; thus he chose coal and steel, the two basic industries upon which Europe's economic health depended.⁸⁰ Only

⁷⁹Schmitt, The Path to European Union, pp. 54-55.

⁸⁰Ibid., p. 59.

Georges Bidault,⁸¹ Jean Monnet and Robert Schuman were aware that the plan even existed before Schuman's news conference on May 9, 1950.⁸² Schuman's proposal was a good one: it was a French proposal and as such was an indication of French foreign policy. Moreover, since the French made the proposal, the Germans could not be blamed for having ulterior motives if something went wrong.

Once Schuman had proposed the creation of a community which would embrace the coal and steel of France and Germany and of any other countries which desired to join, he had to set up proceedings for planning the details. The planning proceedings opened on June 20, 1950 in Paris where Jean Monnet urged the delegates and conferees of Belgium, Luxembourg, France, Italy, West Germany and The Netherlands to concentrate on creating institutions which would have broad powers. It was his belief that the functional and technical details could be worked out at a later date.⁸³ Originally Jean Monnet had conceived of the Community as having a High Authority and a Common Assembly. The High Authority was to have wide and general powers. The Common Assembly was to be the Parliamentary control organ. However, the Belgians and the Dutch

⁸¹Georges Bidault, French statesman, was born in 1899 in Paris where he was educated and became a professor of history and editor of the Catholic L'Aube. He served in both world wars, was taken prisoner in the second, released, and took part in the French resistance movement. He became a leader of the Movement Republicaine Populaire and was prime minister in 1948 and in 1949-1950. He served as deputy prime minister in 1950 and 1951 and foreign minister in 1944, 1947, and 1953-1954. Although devoted to French interests, he supported many measures of European cooperation.

⁸²Schmitt, The Path to European Union, p. 60.

⁸³Ibid., p. 75.

objected to this. They wanted the powers of the High Authority to be spelled out more explicitly. They also wanted a council of ministers which would act as a liaison between the states and the supranational institutions. The Belgians argued that all federal organizations had some body representing the individual states. Since such councils were usually associated with delay and inertia, they decided that the council of ministers would not follow the unanimity rule in most instances.⁸⁴ The delegates realized that Jean Monnet's attempts to create an institution with broad, general powers and his attempts to leave out functional details were personal because he hoped to become president of whatever organization evolved from the meetings. He hoped to reserve for himself full freedom of actions later. The other delegates, however, would not accept this and insisted that the treaty be precise. The outcome was that it represented the views of all six member nations,⁸⁵ a positive factor because otherwise they might be inclined not to cooperate.

Ratified by the six member governments the Coal and Steel Community Treaty was signed in Paris in April 1951 and on July 25, 1952 became effective for a period of fifty years.⁸⁶ Thus the European Coal and Steel Community came into existence as a separate entity in little more than two years after Mr. Schuman's

⁸⁴Ibid., p. 68.

⁸⁵Ibid., p. 67.

⁸⁶British Information Services, Towards European Integration (London and Southampton: Cox and Sharland Ltd., November 1961), p. 1. Hereafter cited as Towards European Integration.

proposal. In its negotiations only six countries were represented --Italy, Germany, France, The Netherlands, Belgium, and Luxembourg. Britain had been invited to participate but preferred not to do so.⁸⁷ Of the six, Italy was probably the most eager to join because she needed more jobs for her overcrowded people. French fears of a revival of German industrial and military potential seemed to prompt French acceptance. Germany's acceptance of the Treaty seemed to be based on the idea that it would give her an opportunity to enter into a respectable alliance with her former enemy France and because it would free her from allied regulations concerning her industrial production.⁸⁸ The acceptance of the European Coal and Steel Community Treaty by France and Germany opened up a new era not only in Franco-German relations, but also in European relations. With the advent of the Coal and Steel Community, Europeans took the first major step toward a period characterized by cooperation, rather than by wars and conflicts.

⁸⁷Diebold, Jr., The Schuman Plan, p. 78.

⁸⁸Carl G. Anthon, "Germany in the European Community," Current History, XXXVIII (January 1960), pp. 13-14.

CHAPTER II

THE EUROPEAN COAL AND STEEL COMMUNITY COMES INTO BEING

On July 25, 1952 the European Coal and Steel Community Treaty came into force. The foreign ministers of the signatory governments met and decided temporary locations for the different institutions of the Community. At this meeting they also decided that the official languages of the organization would be French, German, Dutch, and Italian. In August the participating governments, France, West Germany, Belgium, Italy, The Netherlands, and Luxembourg, announced the composition of the High Authority. Jean Monnet became the chairman and on August 10, 1952 the officers took their posts.¹

The dream of European unification had begun to come alive, but not without many struggles. The parties of the Center in all the Community countries had stood solidly behind the Schuman Plan, but there had been dissension among the Socialist parties. At first the Socialist parties in Belgium, Italy, France and The Netherlands supported the plan. Later the Belgian Socialists began to worry about what would happen to their mines, which could not compete without protective tariffs, and Belgium became afraid that her miners would either have to move to the Ruhr as the Communists predicted or become unemployed.² The Dutch objected

¹Diebold, Jr., The Schuman Plan, p. 110.

²Schmitt, Path to European Union, pp. 64-65.

to the plan because they wanted the individual governments to have a greater check on the new body.³ In Germany the workers were opposed to the plan because they feared that since the plan called for the pooling of workers and the elimination of the inefficient mines some of the steel production in the Lorraine district might be eliminated, thus sending workers from the inefficient Lorraine mines to the more efficient mines of Germany. The German workers were also aware of the inefficient Belgian mines and of the possibility that Belgians might be sent to the Ruhr. Too many miners might cause unemployment among the German miners.⁴ The Communists in all six western countries were unhappy with the plan. In their July 4, 1950 manifesto coming from Berlin, they attacked it as a plan hatched and dictated by the American imperialists in preparation for war against the Soviet Union and the People's democracies.⁵ In all of these six Community countries the extreme left posed as defenders of the national interest which they said was being betrayed by Schuman whom they called "'the servant of the Comité des Forges.'" To Schuman's partner in this "crime," Adenauer, they gave the name, "'the friend of Krupp.'"⁶

Not only were some of the people who lived in the six Community countries unfriendly to the plan, but also some people who were outside of the Community were unfriendly to it. Britain's Secretary

³"Brooding Animals," Time, LVI (July 17, 1950), p. 30.

⁴Frederick Sethur, "The Schuman Plan and Ruhr Coal," Political Science Quarterly, LXVII (December 1952), p. 515.

⁵Schmitt, Path to European Union, p. 64.

⁶Ibid., p. 64.

of War, John Strachey,⁷ speaking at Colchester in June 1950, called the Schuman Plan "'this plot,'" and said that the Coal and Steel Authority was "'an irresponsible international body free from all democratic control.'" Churchill, who was not in the government at this time, was annoyed by Strachey's speech and demanded an explanation from Prime Minister Clement Attlee⁸ for it. In response to Churchill and in defense of Strachey, Attlee concluded by saying that the plan would in fact put very wide powers "'into the hands of an irresponsible authority.'"⁹ Despite these protests against the Schuman Plan, it was ratified and came into effect in the summer of 1952.

When they organized the Coal and Steel Community the participating governments had three general aims in mind which were as follows: to create an organization above national parliaments and private business which would make its decisions on the basis of consultations with producers, workers, and political bodies and would be responsible to a parliamentary body representing each of

⁷John Strachey, 1901-1963, in May 1930 helped Sir Oswald Mosley, who became Britain's leading Fascist, to found his 'New Party'. An avowed Marxist in the 1930's, he served on a committee of himself, publisher Victor Gollancz and Professor Harold Laski which chose the monthly selections of the Left Book Club, formed in May 1936, a landmark in the shaping of a more ideological 'Left'.

⁸Clement R. Attlee, born 1883, became leader of the Labour Party in October 1935. In May 1940 he was one of five selected by Churchill for his War Cabinet and five years later in July 1945 he succeeded Churchill as Prime Minister. Following his ideas of 1937 of how to reconstruct the Cabinet to avoid excessive centralization in the Prime Minister and to insure efficient coordination of the main sectors of policy, he then arranged a pyramid-shaped structure. He and the Labour Party were defeated in the elections of 1951.

⁹"Brooding Animals," p. 30.

the member states; to create an organization which would transcend national interests and make it impossible for one of their members to wage war against another member; and to develop a more equitable system of distribution of national resources and technical skills. Through the functions of the new institutions, they felt they could gain all these ends and at the same time create a wider basis for new activities and new goals.¹⁰ There was both a political and an economic advantage to be gained from a community such as the Coal and Steel Community. The political advantage would be obtained by having Germany and France cooperate while they brought about the economic advantage. In order to accomplish their economic goals, these two countries would have to cooperate, thus probably erasing centuries' old enmity between them. On the economic level an extension of markets would bring lower prices, therefore contributing to a rise in the living standards not only in Europe but also in those places such as Africa and Southeast Asia which depended on Europe for their prosperity.¹¹

In spite of the political values which were present, the European Coal and Steel Community was set up basically as an economic community. This can be seen in an examination of its general aims, one of which was to promote industrial expansion by

¹⁰Hans F. Sennholz, How Can Europe Survive (New York: D. Van Nostrand Company, Inc., 1955), p. 237.

¹¹John A. McKesson, "The Schuman Plan," Political Science Quarterly, LXVII (March 1952), p. 19. cf. Barzanti, Underdeveloped Areas Within the Common Market, p. 384, for his discussion of the rise in living standards.

creating a common market in coal and steel.¹² When taken as a unit the six Schuman Plan countries produced about thirteen per cent of the world's coal and seventeen per cent of the world's steel. The United States produced slightly over twice that amount of coal (thirty per cent), and about three times that amount of steel (forty-nine per cent). Of these Community countries, Germany produced almost half of the coal and steel and nearly a fourth of the iron ore, while France produced about three fourths of the iron ore, a third of the steel, and a fourth of the coal. The remaining European Coal and Steel Community countries produced mainly for local consumption. The important fact about these statistics is that all of the Community members were dependent on each other for one or more of these basic commodities. Some of the Community countries were not as efficient as Germany and The Netherlands which had the least expensive coal while Belgium had the most expensive coal. Germany also had the least expensive steel while Italy had the most expensive steel. There were a variety of reasons for these different prices. In Italy the steel industry was based mostly on foreign imports, thus making it expensive. In Belgium the coal mines were not very efficient. Other causes of price differentials were subsidies, such as in France, import and export quotas, tariffs, double pricing, and discriminatory freight rates.¹³ The causes of these various price

¹²Towards European Integration, p. 1.

¹³McKesson, "The Schuman Plan," p. 20.

differentials were some of the problems which the Community had to face and solve in order to be effective and to continue in operation.

To solve these problems, to eliminate internal and external discriminatory and restrictive practices, and to accomplish its other general aims, the Community set up four principal institutions with special functions. These four institutions were the High Authority, which is the executive agency; the Common Assembly, which is now the European Parliamentary Assembly; the Council of Ministers; and the Court of Justice. These four institutions were to attempt to perform the duties of the Community which were to see that the Community market was supplied with coal and steel, to assure all of the consumers equal access to the coal and steel and a fair price, and to encourage the enterprises to develop and expand their production potentials. The Community would "accomplish the above tasks in three major ways: by gathering and publishing information and organizing consultations; by placing financial means at the disposal of individual enterprises; and by direct powers of control . . . when circumstances make it absolutely necessary."¹⁴

As an institution of control the High Authority was probably the most important; its function was to carry out most of the tasks of the Community. The High Authority, which was the executive agency, consisted of nine members appointed for six years each. Monnet's original conception of this institution was that it would have five members and a description of its functions would be left until later. The small countries, however, objected to this type

¹⁴Ibid., p. 21.

of organization, so finally in April of 1951 the number was fixed at nine, but no one country could have more than two members on the High Authority.¹⁵ Eight of these members were designated by member governments and the ninth was selected by the other eight.¹⁶ The President and the Vice President were elected from among the members for a period of two years. No members of the High Authority were allowed to engage in any business or profession which was related to coal and steel interests for the duration of their appointments or for three years afterwards.¹⁷ This latter regulation was included in the Treaty to help the members maintain their lack of self-interest and to help them maintain their independence. In addition to the above regulations which enabled them to maintain their independence from economic interests was another regulation which enabled them to maintain their independence from all the governments. This regulation stated that they were not allowed to solicit nor to accept instructions from any government or organization.¹⁸ The regulation for tenure of office also helped the members of the High Authority to maintain their independence when dealing with the member state governments. Each member served his

¹⁵Schmitt, Path to European Union, p. 68. For the High Authority's composition, powers, and duties, see also A. H. Robertson, The Law of International Institutions in Europe (Manchester: Manchester University Press, 1961), p. 28.

¹⁶Michael T. Florinsky, Integrated Europe? (New York: The Macmillan Company, 1955), p. 60.

¹⁷European Organisations, p. 236.

¹⁸Florinsky, Integrated Europe?, p. 60.

full term unless he resigned; therefore, he was not dependent on the changes of government in his country in the meantime.¹⁹ The independence of the High Authority as a body was made possible by the fact that it was given extensive powers, its major ones being the duty to insure free competition, to obtain funds by levies on production, to regulate production and distribution, to fix prices and wages in certain prescribed cases, and to enforce its decisions by penalty payments.²⁰ Also helpful in maintaining the independence of the High Authority was the way the weekly meetings were conducted. Private proceedings were held and how each member voted on a particular issue was not revealed. Only the final decision was made known.²¹

In addition to the powers enumerated above, the High Authority had the power to tax, which also helped it to maintain complete independence.²² It expected to collect fifty million dollars in taxes in 1954,²³ all of which would come from a levy of not more than one per cent on the value of the coal and steel in the Community because one per cent was as high as the High Authority was allowed to go in levying its taxes. There were three other ways by which the High Authority could raise money: by borrowing,

¹⁹European Organisations, p. 236.

²⁰Towards European Integration, p. 3.

²¹European Organisations, p. 236.

²²"Six Can Make One," Newsweek, XLI (June 8, 1953), p. 50.

²³Ernest K. Lindley, "New Unity in Europe," Newsweek, XLI (August 24, 1953), p. 38.

by receiving grants, and by imposing fines.²⁴ Taxation was its most effective method of obtaining funds and its most important because of the principle of taxation which was involved.

In collecting money by fines, taxation, and other means, and in carrying out its other duties, the High Authority was assisted by a large professional staff, organized by divisions consisting of different groups which covered law, statistics, production, investments, transport, economics, concentrations and agreements, and marketing and finance.²⁵ Another body which helped the High Authority perform its duties was the Consultative Committee which consisted of fifty-one members who were appointed by the Council of Ministers from producers' groups, workers' groups, and consumers' groups. Each of these groups had an equal number on the committee.²⁶

Originally the High Authority was to have been a strong central authority with supranational characteristics; however, its powers were played down and more and more of the important decisions were made by the representatives of the member states in the Council of the Community.²⁷

²⁴cf. McKesson, "The Schuman Plan," p. 22; Kenneth Lindsay, European Assemblies: The Experimental Period 1949-1959 (New York: Frederick A. Praeger, Inc., 1960), pp. 215-216; Schmitt, Path to European Union, p. 69.

²⁵Lister, Europe's Coal and Steel Community, p. 10. See also Henry J. Merry, "The European Coal and Steel Community--Operations of the High Authority," Western Political Quarterly, VIII (June 1955), p. 169.

²⁶Ibid., p. 11 and p. 168.

²⁷Barzanti, Underdeveloped Areas Within the Common Market, p. 381.

Although the High Authority was to have been the most powerful of the European Coal and Steel Community institutions, another of its bodies, the Common Assembly, like the Council, gained increasing power. According to the Treaty the Common Assembly was to supervise the activities of the High Authority. In cooperating in this aim, the High Authority reported before the Assembly each year on its activities and administrative expenses.²⁸ The Common Assembly was made up of members from each of the parliaments of the member countries in the Community. When originally organized it had seventy-eight members, eighteen each from France, Germany, and Italy, ten each from Belgium and Holland and four from Luxembourg, appointed annually on whatever basis the members chose to use.²⁹ It was possible for the members to be elected directly by the people according to the Treaty, but no member has ever been elected by this method. According to the Treaty the Common Assembly must meet once a year; however, it may meet in extraordinary session, being called either by itself or by the High Authority or the Council of Ministers.³⁰ Through these extraordinary sessions it managed to gain more power.

The Common Assembly does not make laws or constitutions but it can, if it disagrees with the policies of the High Authority, force it to resign in a body by a vote of censure commanding two

²⁸Lindsay, European Assemblies, p. 217.

²⁹Curtis, Western European Integration, p. 125.

³⁰Lister, Europe's Coal and Steel Community, p. 11.

thirds of the votes.³¹ However, the Common Assembly would probably not force the High Authority to resign if there were any possible way out of the impasse. The vote of censure, combined with its supervisory power, has enabled the Common Assembly in actual practice to develop complete parliamentary control over all the activities of the High Authority. At one time the Common Assembly passed on actions which the High Authority had taken in the past, but later the Common Assembly demanded that the High Authority lay its future plans before it so the Common Assembly could give its opinions on them.

Among these future plans was the budget which the High Authority and the Common Assembly began to battle over almost immediately after the formation of the European Coal and Steel Community. In March 1953 the Common Assembly requested that the High Authority present all of its budget estimates for discussions before making its final allocations. Again in 1954 it repeated the demand in more strident terms; moreover, this time the Assembly also claimed the right to discuss the budgets of all the European Coal and Steel Community institutions. In 1955 there were complaints that the High Authority had not consulted the Assembly about some supplementary appropriations, but by 1956 Pierre Wigny, an Assembly member from Belgium, could claim victory over the High Authority.³²

³¹Towards European Integration, p. 2.

³²Ernst B. Haas, The Uniting of Europe: Political, Social, and Economic Forces (Stanford: Stanford University Press, 1958), p. 398. For further discussion of the Assembly and the budget of the High Authority see Lindsay, European Assemblies, pp. 222-223.

The High Authority began to present its budget estimates to the Common Assembly.

This control and cooperation with the High Authority was shown by the number of sittings of the Common Assembly. The Common Assembly met four times annually. It met in the fall to examine credentials, to elect the bureau and the committees, and to discuss the coal policy of the European Coal and Steel Community. In the winter it met to draw up its own budget and to hear an explanation from the High Authority of its objectives and activities. In May it met to discuss the general report. And later in June it met again to hold a detailed discussion of the general report. At these sittings or meetings High Authority representatives were usually present and took an active part in the discussion.³³

On January 10, 1953 the Common Assembly established seven committees with definite tasks. These included four large committees (twenty-three members each) and three small committees (nine members each). The four large committees consisted of a committee on each of the following: the common market; investments, financing, and development of production; social affairs; and political affairs and external relations of the Community. The three small committees dealt with transport; rules of procedure, petitions, and immunities; and accounts and administration. In May 1955 the Assembly added a working committee on European integration and in November 1956 the Assembly set up a committee on security and rescue work in the mines.³⁴

³³Lindsay, European Assemblies, p. 218.

³⁴Ibid., p. 219.

These committees had as their jobs the preparations for discussions and decisions about their particular areas for the general meeting of the Assembly. In preparing for the discussions the various committees could always call on experts for help in forming opinions and making judgments. They could also charge one or more of their members to make a study of a particular problem. In this capacity a sub-committee for housing problems of the Social Affairs Committee made a study tour of various centers of industry in 1954, and again in 1956 the Social Affairs Committee studied the readaptation problems in Italy and France. Another committee, the Committee for Investments, visited Italy in 1955 and in 1957 it toured some German industrial centers close to the East-West borders of the two Germanies. The Social Affairs Committee was also active in trying to obtain shorter working hours in Italy, Belgium, Germany, and Holland.³⁵

The Common Assembly has been so active and effective that "since 1958 the ECSC, the European Economic Community and Euratom have had a common Assembly consisting of 142 members under the name of Assemblée Parlementaire Européenne," which it took in 1962. In each of the above communities the Assembly has a different role and a different set of prerogatives.³⁶

Unlike the High Authority and the Common Assembly, the members of the Council of Ministers were responsible individually to their

³⁵Ibid., p. 220.

³⁶Lister, Europe's Coal and Steel Community, pp. 11-12.

particular governments and to no other institution; and again unlike the High Authority and the Common Assembly, the Council of Ministers had no uniform policy.³⁷ The Council's independence caused some confusion and alarm at first. There was fear that it would become a second executive body, and attempts were made to forestall this development. One such attempt was made by the Common Assembly when it tried unsuccessfully to make the Council of Ministers answer to the Common Assembly. In view of the fact that no one except the individual governments can sanction the ministers, any attempts to curtail the Council of Ministers' power had to be done with their consent. The Common Assembly was especially jealous and attempted to bring the ministers under its control. Since 1955 some of the ministers have attended Assembly meetings regularly, participated in debate, answered questions and have consented to appear at commission sessions. They have not, however, deferred to the wishes of the Assembly or pretended to consult it about future decisions.³⁸

The intent of the founders of the European Coal and Steel Community was that the Council of Ministers would act as a liaison between the six member nations and the High Authority. These ministers were appointed from the governments of the member states and they were usually the ministers of economic affairs. Their

³⁷Lindsay, European Assemblies, p. 224.

³⁸Haas, The Uniting of Europe, p. 399. Also see Lindsay, European Assemblies, p. 224 for a discussion of the Council's refusal to accept domination by the Common Assembly.

purpose was to harmonize the activities of the Community.³⁹ In performing this function, the Council of Ministers was assisted by a permanent group of deputies known as the Coordinating Committee (COCOR). This committee, whose job it was to prepare the work and decisions of the Council, consisted of representatives from all the Community countries. Also it insured continuity and coordinated the activities of other committees and various groups of experts.⁴⁰

The Council of Ministers functions differently from the Common Assembly in its dealings with the High Authority. The High Authority does not have to gain a unanimous vote from the Council of Ministers or a two thirds majority. It can gain a "qualified majority" which means that the majority has in it a state that produces at least twenty per cent of the value of the coal and steel. In the event of a tie, the High Authority may re-submit a proposal. In this case the majority must have in it two states each of which produces at least twenty per cent of the value of the coal and steel. Without the Saar, France had only about sixteen per cent; nevertheless, she was allowed to operate as though she fell under the twenty per cent rule.⁴¹ When it comes time to vote, a country may or may not give the minister

³⁹Curtis, Western European Integration, pp. 121-122. See also Henry L. Mason, The European Coal and Steel Community: Experiment in Supranationalism (The Hague: Martinus Nijhoff, 1955), pp. 50-51.

⁴⁰Curtis, Western European Integration, p. 122.

⁴¹Lister, Europe's Coal and Steel Community, p. 10. See also Curtis, Western European Integration, p. 122.

instructions about how to vote; irregardless, he may vote as he pleases. His country may remove him, but the decision reached will stand nevertheless.

Some of the concrete achievements of the Council of Ministers are its Treaty of Association with Great Britain, signed in 1954; its 1955 agreement on through railroad rates which ended the penalization of international traffic; and its Rhine Agreement in 1957 which stated that international rate schedules would be worked out between companies and their customers.⁴² Meanwhile, another important institution of the European Coal and Steel Community, the Court of Justice, had not been idle.

The European Community can thank the Germans and the Belgians for the Court of Justice. Jointly they successfully demanded that a court be set up so that acts of the High Authority could be challenged.⁴³ This Court, established with seven judges appointed by agreement among the governments, was set up to insure legal application of the Paris Treaty. "Anyone affected by the decisions of the High Authority--governments, businesses, trade unions, or private individuals--could appeal to the Court."⁴⁴ In this capacity of defending third parties, the Court of Justice was declared competent to decide disputes between member states over the application of the Treaty; to decide disputes between an institution

⁴²Curtis, Western European Integration; p. 122.

⁴³Schmitt, Path to European Union, p. 68.

⁴⁴P. Roy Willis, France, Germany, and the New Europe 1945-1963 (Stanford: Stanford University Press, 1965), p. 211.

of the Community and a member state; to decide disputes between the institutions and an individual; and to decide disputes between various institutions of the Community.⁴⁵

To fulfill these duties the Court was given various powers. It could intervene if a Community state had blocked the appointment of a new High Authority member more than once, if only one vacancy existed, or more than three times, if three or more vacancies existed.⁴⁶ On the other hand, if the High Authority failed to act, the Court of Justice could force it to take action.⁴⁷ The Court also had the power to annul decisions and recommendations of the High Authority which it felt were inconsistent with the terms of the Treaty.⁴⁸ A Community state could appeal an act of the High Authority to the Court or could appeal the failure of the High Authority to act, if by this commission or omission the High Authority had "provoked fundamental and persistent disturbances."⁴⁹ This is a situation in which the Court not only has to decide its own competence in the particular case, but also has to make an economic judgment. A broad interpretation of its competence means more power for the Court than perhaps the founders of the Community intended it to have.

⁴⁵Curtis, Western European Integration, p. 126.

⁴⁶Mason, European Coal and Steel Community, p. 45.

⁴⁷Curtis, Western European Integration, p. 127.

⁴⁸Robertson, Law of International Institutions in Europe, p. 29.

⁴⁹Mason, European Coal and Steel Community, p. 45.

The Court of Justice tries three types of appellate cases. The appeals of individual members fall under the first type of appellate case. Any member state may appeal any ruling by any Community institution if it feels that the institution has overstepped its authority.⁵⁰ There is no limit placed on a member's right to demand a stay of execution. The second type of appellate case deals only with the Community institutions. The Assembly may appeal any act of any Community institution. The High Authority may appeal the acts of the Council of Ministers only on the grounds of legal incompetence and procedural violation; however it is the only institution which may appeal the acts of the Common Assembly. The Council of Ministers may appeal any act of the High Authority on any grounds, but may not appeal the acts of the Common Assembly on any grounds. The private individual and the private party fall under the third type of appellate case. Under the Treaty of Paris only acts of the High Authority may be appealed to the Court by a private party. Even after appeal the private party might not obtain satisfaction because the Court might refuse to hear his case.⁵¹ Out of ninety-seven appeals presented to the Court between 1953 and 1958, twenty-seven judgments were made, fifteen appeals were withdrawn, and forty-five appeals were carried over to the new court when it became the Court of Justice for the European Economic Community and Euratom, as well as for the Coal and Steel Community.⁵²

⁵⁰Gerhard Bebr, Judicial Control of the European Communities (New York: Frederick A. Praeger, 1962), p. 111.

⁵¹ibid., p. 35.

⁵²Curtis, Western European Integration, p. 127.

Once the Court of Justice has passed judgment, its decision is registered with the legal system in each of the member states and is enforced by the local law enforcement systems. Only this Court may suspend enforcement⁵³ because no national court has jurisdiction in the affairs of the European Coal and Steel Community; the Court of Justice has exclusive jurisdiction.⁵⁴ A party to a legal suit can gain no satisfaction from knowing that someone agreed with him because the Court expresses its opinion as one body. No dissenting opinion is given, and the Court may not even render an advisory opinion.⁵⁵

As in the High Authority, candidates in qualifying for one of the seven seats on the Court must resign from all political and administrative offices, cease their business and professional activities, and dispose of interest in any business related to coal and steel during their tenure and for three years thereafter. There is a possibility that a judge may come from a country outside the Community because the qualifications state only that a judge has to be competent and independent, not a member of the Community. However, all of the judges have come from the Community.⁵⁶ In case a judge is not adequately competent or independent, he may be removed by the unanimous decision of the

⁵³Mason, European Coal and Steel Community, p. 47.

⁵⁴European Organisations, p. 241.

⁵⁵Hebr, Judicial Control of the European Communities, p. 24.

⁵⁶Schmitt, Path to European Union, p. 157.

other six judges; however what constitutes competence of the judges is defined no place in the Treaty. Paul Finnet represented organized labor and had not been in the legal field before. Jacques Rueff, a French economist, also served as a judge. This rule for the removal of judges contrasts with the rule which states that an odd number (five or seven) must be at any session which makes a decision.⁵⁷

Like the High Authority and the Council of Ministers, the Court has assistance in arriving at its decisions. Two advocates-general prepare and present "'reasoned conclusions'" as advice for the Court on cases submitted to it. They do not participate in the deliberation, nor do they vote with the Court; neither are their conclusions binding on the Court.⁵⁸ This makes their findings and conclusions doubly important to the Court of Justice because they are not afraid to give an opinion.

The Court of Justice has not been afraid to use its power. Early in the life of the European Coal and Steel Community, the Court used its power when it declared that the High Authority must modify its ruling for the price equalization of imported scrap in the Community. The Court said that the High Authority had delegated too much power to Brussels scrap importing agencies. In 1954 the High Authority allowed steel firms to deviate 2.5 per cent from their published list price without revising it. The Court ruled that any deviation from published prices was illegal and the

⁵⁷Ibid., p. 158.

⁵⁸Bebr, Judicial Control of the European Communities, pp. 24-25.

decision stuck. Again in 1959 the High Authority and the Council of Ministers proposed an amendment to the Treaty of Paris. The Court declared it contrary to the basic conception of the Treaty; thus the High Authority and the Council of Ministers had to re-draft it and meet the Court's objections.⁵⁹

In order for these institutions of the European Coal and Steel Community--the High Authority, the Common Assembly, the Council of Ministers, and the Court of Justice--to carry out their various functions, the Treaty defined the scope of the pool. The Treaty applied to all European territories of member states. Each state bound itself to grant to the other member states preferential treatment in regard to coal and steel in its non-European territories.⁶⁰ Algeria came under this provision of the Treaty. In regard to the Community as a geographic unit, the Treaty covered all hard coal, patent fuels, lignite, brown coal briquettes, and coke "except coke for electrodes and petroleum coke." In steel the list began with raw materials. "Iron ore, scrap and manganese ore (but not iron pyrites), pig iron, foundry iron and two ferro-alloys-spiegeleisen and ferro manganese which represent the next stage of the steel making process" were included. Liquid steel, ingots, and semi-finished steel products naturally made up an important part of the Treaty's coverage. Finished products such as rails, bars, sections, beams, plates, sheets, wire rod, hoop,

⁵⁹Curtis, Western European Integration, p. 127.

⁶⁰Diebold, Jr., The Schuman Plan, p. 134.

tinplate, and other coated sheets and strips were included. Blocks and pipes from which pipes are made were also included but not the process of tubemaking. Among iron and steel products, scrap iron proved to be a special problem,⁶¹ and was dealt with as such.

Now that the European Coal and Steel Community had been organized along four lines with a High Authority, a Common Assembly, a Council of Ministers, and a Court of Justice, each with its own particular tasks to perform, it became a living body. Given the powers and the necessary institutions, the Community was in a strong position to deal with the problems which the founders of the Community realized it would face in the future. These problems were of both a general and a specific nature and they affected the stability and development of the Community from its inception.

⁶¹Ibid., p. 135.

CHAPTER III

SOME PROBLEMS OF THE EUROPEAN COAL AND STEEL COMMUNITY

Several general problems affected the stability of the Community from the beginning. One of the most serious of these existed even before the Community was formed, that of German reunification. West Germany was unwilling to erect tariff walls against East Germany. As a result a provision was put into the Treaty which allowed trade between the two parts of Germany to be regulated by the West German government in agreement with the High Authority.¹ After this was settled, some Frenchmen began to ask themselves what would happen if Germany were reunited. They also asked if East Germany would automatically become a part of the pool. They were especially concerned about the latter because if it happened Germany might gain the dominant position. In fact, some felt that Germany already had more power than she should have. Other Frenchmen thought that German reunification was not likely and that if it did take place the entire question of Germany's relationship to Western Europe would be reopened.² The latter attitude prevailed and as a result no provision concerning German reunification was made in the Treaty.

Another problem which was of a less serious nature, but one which could affect the morale of the Community, was the filling of

¹Diebold, Jr., The Schuman Plan, p. 134.

²Ibid., p. 135.

administrative posts, such as High Authority posts, Consultative Committee posts, and a host of others. According to the letter and spirit of the European Coal and Steel Community Treaty, no Community state had the right to fill an administrative post permanently. The most qualified member of the High Authority was to be chosen as president regardless of nationality. Despite this fact, France always insisted that the presidency remain in French hands;³ as long as Monnet remained as the president there was no problem because all of them recognized his outstanding ability. But with his resignation in 1955, ostensibly to further European integration in other areas, the European Coal and Steel Community suffered a serious loss,⁴ because Monnet knew how the plan should work since he had drawn it up. Also, he was an internationally known statesman who was much respected. For the French the problem presented by Monnet's resignation proved to be solvable. They managed to get another Frenchman, Mayer, elected as president of the High Authority.

However, what was probably the most serious problem which faced the European Coal and Steel Community arose during the summer of 1952, soon after the Treaty had been ratified and put into force. The proposed European Defence Community was the root of this problem.

³Florinsky, Integrated Europe?, p. 129.

⁴Karl Loewenstein, "Europe Seeks Unity," Nation, CLXXX (January 29, 1955), p. 100. See also "Europe Two Ways," Commonweal, LXI (November 19, 1954), p. 183, which suggests that Monnet was resigning because of fundamental differences between himself and M. Mendes-France who was more interested in rejuvenating the French economy than in an expansion of the European economy.

Originally proposed in September 1950, the Treaty had still not been acted on. Europe, as a result of the crisis in Korea and the Communist takeover in China, felt a need to form some type of defense community in order to be protected from the Communist menace. It was also becoming quite evident that if Germany were to share her part of the defense burden she must be rearmed.⁵ However, Germany did not wish to rearm. She had no reason to fight the Communists except to reunify Germany, and many West Germans thought that perhaps fighting was not the best way to bring about reunification. At this time American foreign policy was based on the idea that the Germans could not wait to get back into uniform.⁶ For the most part, though, the Germans simply did not want to rearm. The only reason that Americans could find for this unacceptable fact was that the Germans did not want to take sides.⁷ This did not mean, though, that there was absolutely no support for German rearmament among Germans, because some of the old German military officers were very impatient with the German slowness to ratify the European Defence Community⁸ and could hardly wait to get back into uniform. There was, however, another side to this picture. Many of the military officers at the end of the War had lost their positions in society and had had

⁵Anthony, "Germany in the European Community," p. 14.

⁶"Apathy on the Rhine," New Republic, CXXIV (January 22, 1951), p. 7.

⁷Clara Menck, "No More Uniforms?," Commonweal, LIII (October 20, 1950), p. 35.

⁸Hans Speier, "German Rearmament and the Old Military Elite," World Politics, VI (January 1954), p. 159.

difficulty in finding new positions. When they did find places in society, the more intelligent and the more energetic officers were making more money than they had made in the German army. They were not likely to give up a profitable civilian life for a military service when only five years before they had been reviled for being in uniform.⁹ The Bonn government admitted this fact when it stated that it regarded the recruitment of junior officers as a major problem in rearming Germany. Likewise the Bonn government viewed the political reorientation of the 320,000 draftees and the 130,000 volunteers as no easy task.¹⁰ The Allies had taught them to hate militarism of all kinds.

The Germans, however, were not the only people who did not want Germany to rearm. The French were not especially favorable toward a powerful, rearmed Germany. First of all, the French were afraid that the Germans might try to use their troops in the East to force unity without considering the aims of Western Europe. They also feared the effect that West German rearmament might possibly have on East Germany. In retaliation East Germany might turn her large police force into a highly trained army, thus increasing the likelihood of war, not decreasing it. Rearming Germany, the French thought, would increase the strength of former German military circles, and impair the growth of democracy.¹¹

⁹Ibid., p. 151.

¹⁰Ibid., p. 149.

¹¹Menck, "No More Uniforms?," p. 35.

Despite French fears about German rearmament, Konrad Adenauer and Ernst Reuter, mayor of Berlin, thought West Germany must have an army for defense. Adenauer's first and foremost concern was West Germany's defense and for that defense he considered it essential that she have a small, highly mobile force which would be armed with fully automatic weapons, and administered by the federal government, not by the Länder governments which had ill-armed police forces. Moreover, he wanted the creation of a Western European army to which West Germany would contribute troops, and in addition to that he wanted more Western troops in Germany,¹² which essentially meant more Americans. Ernst Reuter, the highly volatile mayor of Berlin, had been advocating German rearmament for four years. He said that the Allies must show the Germans how their national goals could be obtained through a European framework if they wanted them to rearm. Reuter was himself a former Communist and felt that he knew the dangers to Germany and Europe as no one else knew them. In September of 1950 he spoke out, "Why should only the Soviets say, 'Yank, go home!' Why don't we all start saying, 'Ivan, scram.'"¹³

On general principles the French agreed with Adenauer and Reuter that Europe should be defended against the Communist East. France's acceptance of German rearmament on principle coupled with

¹²"What Adenauer Wants," Time, LVI (September 11, 1950), p. 28.

¹³"Last Call for Europe," Time, LVI (September 18, 1950), pp. 31-32.

the realization of the rest of the Western world that the choice was not between an armed and a disarmed Germany but between "a Germany armed by the West and willing to fight to defend it or a Germany armed by and made to fight for the Kremlin"¹⁴ led the former French Premier, Rene Pleven, although the French opposed German rearmament, to formulate the European Defence Community Treaty which was signed by all six members of the European Coal and Steel Community in May 1952. At the time it was seen as the most acceptable form by which West Germany could share the defense burden with the rest of Europe. This European Defence Community was to be the second step toward European unification, the European Coal and Steel Community being the first step.

One year later only one country had started ratification procedures, and that country was West Germany. However, West Germany's upper house, the Bundesrat, was postponing final action pending a ruling of the Constitutional Court on the constitutionality of German participation in it. This postponement was probably due more to German opposition than to any future decision of the Constitutional Court. The German Social Democrats were very displeased with the European Defence Community Treaty because they said it did not provide for German participation on an equal basis.¹⁵ The Socialists opposed rearmament because of their historical fear of the military. The workers were afraid that once

¹⁴Ibid., p. 32.

¹⁵U. S., Department of State, "Europe Strives for Unity," U. S. Dept. of State Bulletin, Prepared by H. B. Cox, XXVIII (May 18, 1953), p. 71.

an army came into force they would lose power because there would then be someone to break up strikes.¹⁶ Despite all the various forms of opposition, Adenauer still planned to go ahead with the European Defence Community if the other Coal and Steel Community members ratified the Treaty.

The European Defence Community Treaty was met with even less enthusiasm in France than in Germany, although Pleven, a Frenchman, had proposed it. Ratification in France centered around two obstacles which were eventually to defeat the Treaty in the National Assembly. Probably the most serious of these two obstacles was French fear of Germany. The other obstacle to French ratification was of a less serious nature but more immediate. France was having colonial difficulties in Indo-China and needed her armies there; therefore she did not want an army which she could not control and send to any part of the world on very short notice. She was afraid that Germany would gain the dominant position in a European Defence Community and take the above prerogative away from her.¹⁷

Despite French fears concerning the European Defence Community Treaty, the United States and West Germany forced France to take action on the Treaty; therefore, on January 29, 1953 M. Robert Schuman, Foreign Minister, brought the Treaty before the French National Assembly for ratification. It was not until August 30, 1954

¹⁶"Apathy on the Rhine," p. 7.

¹⁷Cox, "Europe Strives for Unity," pp. 711-712.

that the Defence Treaty was acted on by the French Assembly and then it failed to pass. The Americans and the West Germans were annoyed but there was nothing they could do except criticize the French verbally.¹⁸ After France's refusal to ratify the Treaty, many people began to take a pessimistic attitude toward European integration and predicted that the European Coal and Steel Community would fail. French rejection of the European Defence Community Treaty served not so severe a setback to all phases of the integration movement as some had thought, but it did do some psychological damage. At that time it forced people to realize that the European Coal and Steel Community was no stronger than its weakest member. It was at this time, 1954, that France was having some misgivings about her role in the world and in Europe. By giving up some of her sovereignty to form a unified Europe, she might be giving up her position in the world. By rejecting the European Defence Community, France was symbolically rejecting European unification. She might not always cooperate with the other countries in the European Coal and Steel Community. This was what caused despair among many of the partisans of European unification.

France had been perfectly amenable to economic integration; but she did not want to enter into any military organization unless Britain could be induced to join in order to counteract German influence and unless the United States could be persuaded

¹⁸Vera Micheles Dean, "After EDC, What?," Foreign Policy Bulletin, XXXIV (October 1, 1954), p. 12.

to give her assistance in Indo-China.¹⁹ However, Britain was using the Commonwealth as an excuse for not entering into a political or military arrangement with the continental countries. She remained an aloof but understanding friend, not a joiner.²⁰ In view of Britain's stand and her changing attitude toward herself, France could not ratify the European Defence Community Treaty, but the Coal and Steel Community did not disintegrate as some had thought it would.

There were several other general problems which by their nature were more specific and more immediate than the problems involving German reunification and the European Defence Community. They were those of cartels, freight rates, and American coal in Europe. These were problems common to all the Community states.

The first of these difficult problems which the Community felt it must tackle was the problem of cartels. Both France and Germany had a history of cartels which controlled the prices of commodities. In the absence of any other kind of control the cartels did, however, tend to stabilize economic conditions surrounding a particular product. The Treaty makers decided that the flow of goods should not be impeded; therefore, anti-cartel provisions were set up which would destroy the cartels but provide them with two transition periods. Violations of the anti-cartel provisions could bring fines up to ten per cent of a company's annual

¹⁹Hajo Holborn, "American Foreign Policy and European Integration," World Politics, VI (October 1953), p. 19.

²⁰Robert L. Heilbroner, "Forging a United Europe: The Story of the European Community," Public Affairs Pamphlets, no. 308 (January 1961), p. 21.

turnover.²¹ There was only one problem connected with these anti-cartel provisions and that was enforcement. To help the European Coal and Steel Community regulate a cartel when a country felt that the cartel should be allowed to function was a difficult choice for a country to make. Can the High Authority, which can impose fines and order the dissolution of combines, coerce a recalcitrant sovereign nation if the nation is bent on helping a cartel within its borders?²² One development which helped the European Coal and Steel Community to handle the cartels was the Korean War and the events following it. In 1949 Europe had expected a surplus of coal, scrap and iron, but in the second half of 1950 rearmament and stock-piling caused prices to rise sharply. It then became a problem of getting steel at almost any price.²³ At a period of great demand the cartel is at its weakest point because its primary function is to keep prices at a certain level during an oversupply of a product.

Two of the most flagrant violations of the cartel clause in the European Coal and Steel Community were in France and Germany. In France it was the Comptoir Français des Produits, an all inclusive cartel; in Germany it was the Georg cartel of the Ruhr.

The Comptoir Français des Produits was a private corporation with capital distributed among ninety-nine firms. Its functions

²¹McKesson, "The Schuman Plan," p. 24.

²²Sethur, "The Schuman Plan and Ruhr Coal," p. 516.

²³Ibid., p. 511.

were set forth in a governmental decree of July 4, 1947 issued by the Ministry of Industrial Production. The principal duties of the Comptoir were to see that orders and deliveries conformed to the decisions of the government and the Chambre Syndicale. The Comptoir also administered a fund for equalizing profits and losses among firms in their export activities. The prices of steel products were controlled by the government in close consultation with industrial representatives, but all iron and crude steel products, castings, and unspecialized steels came under the jurisdiction of the Comptoir whose decisions were binding in all matters under its jurisdiction. In twenty per cent of the commercial sales the Comptoir acted as direct sales agent in addition to its jurisdictional duties concerning iron, crude steel products, castings, and unspecialized steels. All other sales were made by individual companies, but under terms set up by the Comptoir. In accordance with the cartel provisions of the European Coal and Steel Community Treaty, the Comptoir was abolished by the steel industry in 1952.²⁴

Cartels in the Ruhr were not disposed of as quickly as the Comptoir. When M. Mayer became president of the High Authority in 1955, coal selling arrangements still flourished despite the fact that the Treaty forbade all arrangements, decisions, and concerned practices which were impediments to the normal operation of competition within the common market and, in particular, proscribed arrangements which fixed or influenced prices, restricted production, or allocated markets, products, customers or sources

²⁴Warren C. Baum, The French Economy and the State (Princeton: Princeton University Press, 1958), p. 265.

of supply. The High Authority had the power to penalize agencies which did not conform to the Treaty. However, it decided to negotiate with the various cartels. Georg, a coal agency dealing in Ruhr coal, was a principal offender. In May 1955 an agreement was worked out but during the summer and early winter there was a great demand for Ruhr coal; Georg began to press for more favorable terms and was backed by the German Trade Unions and the West German government. Despite this opposition the High Authority continued to press for modifications in Georg's operations. An agreement was finally reached which divided the company into three central sales bureaus. The High Authority agreed that the two lesser sales companies could ask the Central Bureau to act when there was no shortage of coal but a large unfilled demand for Ruhr coal such as there was in 1955.²⁵ Although tending to compromise at times, the High Authority, nevertheless, continued its policy of decartelization.

The vast differences in freight rates among the Community states was the next problem to occupy the High Authority's attention. This proved to be a rather thorny problem which was not solved until 1955. The drafters of the Coal and Steel Community had realized that drastic revision was necessary in freight rates, which were governed by national interests, if true competition was to take place in the Community. There were two main kinds of discrimination in freight rates which the High Authority sought to remove. The first and more easily definable was the practice of

²⁵"Cartel Compromise," The Economist, CLXXVII (November 26, 1955), p. 756.

charging to foreigners more to carry coal and steel. Thirty-two cases of this kind of discrimination were discovered in 1953 and abolished by the High Authority.²⁶ A much more difficult problem was discrimination between traffic which crossed national frontiers and traffic which did not. Freight movements across frontiers were subject to heavy charges based on the idea that the freight must have been unloaded and reloaded at some other station. Those railroads which charged less per mile, the longer the haul, treated freight originating abroad as if it had started at the border. On May 1, 1955 through rates were quoted for coal and iron ore throughout the Community instead of at the frontier; and terminal frontier charges were cut by two-thirds.²⁷ This hit the German railroads harder than it hit any of the other Community railroads because they were the principal offenders. This meant that consumer prices would be lower and that the railroads would have to provide better services in order to remain in business. This did not mean, however, that all consumers would pay the same price because some might be a greater distance from the source, thus incurring a greater transportation charge.

Another problem which faced the whole Community was the problem of American coal in Europe. This problem had not been solved in 1956 and the Europeans did not expect a solution until about 1976. Each year the amount of coal that Community countries

²⁶"Coal Trains Across Europe's Frontiers," The Economist, CLXXIV (January 29, 1955), p. 357.

²⁷Ibid., p. 358.

imported from the United States increased and it did not look as though the trend would reverse itself. In view of this fact, each Community country tried to hold back as much of its own coal as possible in order to keep from buying the American coal which was more expensive because of transportation costs. In fact the price of American coal--ten dollars a ton--became the general selling price of all imported coal. This benefited Poland who sold approximately 1,000,000 tons of coal to West Europe each month in 1951. Although this price was a boon to Poland, it was detrimental to steel producers who did not have their own coal bases.²⁸ Germany, the worst offender in stockpiling coal, cut her exports to Italy and as a result Italy had to import more of the expensive American coal. This began to undermine her economy because she could not afford to import either the Polish or the American coal. According to the Treaty, sellers should not discriminate between buyers; however, in practice German dealers chose which orders they would accept. On the basis of the anti-discrimination clause of the Treaty, Italy took this issue to the High Authority which was finally able to work out an agreement whereby the steel industry would agree to subsidize two million tons of American coal to other countries in the Community. For the time being this assuaged discontent. The only obvious solution to the influx of American coal into Europe was to raise the price of the European Coal and Steel Community coal to that of American coal; however, it was felt that this solution would cause the cost of living and industrial costs

²⁸Sethur, "The Schuman Plan and Ruhr Coal," p. 512.

to rise, a fact which made this solution inconceivable at that time.²⁹ No doubt there were better solutions but the subsidization of American coal by the steel industry seemed to be the most practical at the time. Most important of all, it prevented the development of a major rift in the Community.

Subsidization seemed to be popular not only in handling general Community problems but also in handling specific national economic problems. This was the case in Belgium. Some of the Belgian mines were inefficient so the cost of their coal was higher than that of other Community countries; therefore, in order to prevent competition by the other more efficient Community mines from reducing Belgian coal mine production too rapidly, Belgium was allowed to retain certain quantitative restrictions. One stipulation was that the yearly reduction of Belgian coal production should not exceed three per cent of her 1950 production of twenty-eight million tons. Despite the equalization fund which subsidized the expensive coal, the price of Belgian coal was still more expensive so she was allowed to isolate her coal from the pool during the transition period.³⁰ In addition to these restrictions, the more efficient German and Dutch mines were taxed 1.1 per cent on their gross value in order to raise half of the thirty-three million dollars annually which the High Authority estimated it would need in order to ease the shock to the Belgian and Italian mines which were in a similar position. The Belgian and Italian

²⁹"American Coal in Europe," The Economist, CLXXX (September 1, 1956), p. 728.

³⁰McKesson, "The Schuman Plan," pp. 24-25.

governments provided the other half of the thirty-three million dollars.³¹ Some of this money, which was collected from subsidies, was used in July 1959 when the Hautrage Coal mine in the Borinage in Belgium had to close down. A readaptation program was instituted by the High Authority which cost 350,000 dollars. The Belgian government provided a similar amount. Of the 900 miners who were put out of work by the closing of the mine, 500 were employed in an aluminum plant which these subsidies helped to build. All of the miners received three months wages while they were being retrained for new jobs. It was only through its readaptation program that the European Coal and Steel Community could get the support of the workers.³² These readaptation programs were very important because they kept the grievances of the workers at a minimum, and also because they kept the unemployment rate down. This program's most far reaching effect was that it trained the workers to look for aid from a supranational organization rather than from a national or local organization, thus facilitating the unity of Europe.

Belgium and Italy were not alone in their problems with coal mines. Almost the same situation that existed in these two countries existed in France. France was allowed a five year adjustment period with subsidies just as they were. Also, a stipulation in

³¹Raymond Vernon, "Launching the European Coal and Steel Community," U. S. Department of State Bulletin, XXVIII (June 8, 1953), pp. 800-801. See also "Europe's New Community," p. 8.

³²"Reorganization of the Coal Industry," Bulletin from the European Community, no. 40 (July 1960), p. 12.

the Treaty stated that France's coal production must not be cut by more than one million tons annually.³³ Simultaneously France was allowed to continue a system of levies and subsidies among various coal mines so that they would not be put out of business by competition from some of her more efficient mines. This system was supplemented by a system of subsidies on coking coal and coke brought to France from other Community countries in order to bring the price of these supplies down to the French price. It was expected that this import subsidy would be withdrawn in a few years because of increased production in the Saar and Lorraine areas.³⁴ In addition to the subsidies to the coal mines, the sale of domestic fuel oil, which was more than successfully competing with coal, was limited; and soon afterwards the price of fuel oil was raised in order that coal could compete with it.³⁵

France not only had problems in her coal mines but also in her steel industry. When it came time to open the common market in special steel products it had to be postponed twice because of problems presented by the French steel industry and the French government. The French steel industry was reluctant to remove its external protective measures, especially the fifteen per cent compensatory tax on imports, on the ground that French costs and prices were substantially above the levels of the other Community

³³"Europe's New Community," p. 8.

³⁴Vernon, "Launching the European Coal and Steel Community," p. 801.

³⁵Baum, The French Economy and the State, p. 213.

members. One of the reasons given for this cost-price disparity was that France was obliged to buy raw materials from within the French Union. For instance, at a time when the world price of nickel was 463 francs per kilogram, France was paying 765 francs per kilogram for New Caledonian nickel.³⁶ From the evidence it seems that France was much more diligent in making proposals than putting them into action.

The German problem in coal was not inefficiency of the mines but a price disparity. The German coal dealers were charging two prices for coal, one for Germans and one for non-Germans. Since this was a violation of the European Coal and Steel Community Treaty the High Authority intervened and forced them to make an adjustment. The High Authority's solution was to increase the price of coal to Germans up to that for non-Germans. However, the West German government intervened and asked that certain groups of German consumers be excluded from the increased price. Some of the suggested groups were shippers, deep-sea fishermen, householders, and gas and electric power stations. The West German government suggested that the German mines could make up the loss of revenue. The High Authority agreed to the proposal for householders and deep-sea fishermen. It was stipulated, however, that this agreement applied to both of these groups of consumers throughout the Community and not just in Germany.³⁷ Although the High Authority compromised, it still won. In view of national sentiments it was

³⁶Ibid., pp. 261-262.

³⁷Vernon, "Launching the European Coal and Steel Community," p. 801.

better to compromise than to run the risk of opening a major rift in the Community.

Italy had difficulty in integrating both her coal mines and her steel industry, but her steel industry posed a special problem. On May 1, 1953, steel tariffs, quantitative restrictions, and discriminatory prices with respect to steel were abolished with some exceptions. The steel industry of Italy was one of the exceptions. Since the Italian steel industry was small and handicapped by high costs of raw materials, the Treaty held provisions for the elimination of its protective tariffs over a five year transitional period, which meant that the tariffs were eliminated in 1958. Internal protective restrictions for Belgian coal were also eliminated at this time.

Italy also had a problem concerning steel scrap. In both Italy and Germany there were many more dealers than there were buyers. In order that they could be more effective in selling the scrap steel, these dealers formed cartel organizations. The High Authority dissolved these cartels and formed a new scrap organization which was to operate for a one year period in all six of the Community countries. However, it was confined to the area of foreign steel scrap rather than the domestic market, its primary purpose being to prevent the imported steel scrap from setting the price of all scrap in the Community.³⁸ This scrap organization prevented the imported scrap from setting the price for all the Community by encouraging each country to hold on to

³⁸ibid., p. 803.

its scrap and not bid against another country for scrap, which it could do legally. In order to keep the cost of scrap low for everyone, the cost was spread over all purchased scrap. All scrap users would pay an average of the cost of foreign scrap and domestic scrap.³⁹ In 1955 the High Authority, seeing that this system of equalization encouraged importation of scrap, required the organization to pay a premium to companies which reduced the use of scrap by using pig iron. In 1957 even greater restrictions were imposed. Scrap consumers were taxed if they used an amount over a base tonnage. In addition to these rewards and punishment regulations, the High Authority encouraged the building of more blast furnaces so the consumption of pig iron could be increased, thus cutting the amount of scrap used. If an applicant for financial assistance did not have this in mind when he applied to the High Authority, his loan was not approved.⁴⁰

Another problem similar to the scrap problem was the tariff problem which the High Authority was slow to tackle. The High Authority did not feel that the differences between the tariffs of the individual countries were great enough to warrant a complete reorganization of the tariff scales. In 1958, however, economic integration had progressed so well that a tariff agreement was reached. The Community countries do not apply a single external tariff but apply individual tariffs harmonized to bring the duties in close alignment. The highest tariff was applied

³⁹Lister, Europe's Coal and Steel Community, p. 65.

⁴⁰Ibid., p. 66.

by France on certain types of hoop, strip sheet, and plate. It was decided that she would lower this tariff to seven per cent in February 1960. The lowest tariffs were applied by The Netherlands and Belgium. In view of this fact the High Authority decided that there should be a limit on the amount of coal and steel supplies which could be brought into the Community through these countries. Because of the relative shortage of scrap iron and steel, it was to be admitted duty free to all Community members.⁴¹

Despite occasional setbacks, by 1960 Europe had made progress in the economic sphere of life. Trade in both coal and steel among the six partners had increased considerably even up to as much as twenty-five per cent. Steel prices had dropped as much as twelve per cent. The double pricing of iron ore from Lorraine had been abolished and the double pricing of coal and the freight differences inside Germany had been abolished.⁴²

To substantiate the economic progress reports, one need only look at the expected investments in the coal and steel industries for the years 1957 and 1958. Total investment for these two years was expected to reach a level of 2,672 million dollars. This would represent an annual average of 1,336 million dollars. This is an increase of 333 million dollars over the average annual investment for 1955 and 1956.⁴³ Not all the important results of

⁴¹"ECSC Establishes New Tariffs," Foreign Commerce Weekly, LIX (June 2, 1958), p. 11.

⁴²Karl Loewenstein, "Europe Seeks Unity," Nation, CLXXX (January 29, 1955), p. 100.

⁴³"Investments in European Coal and Steel Industries Increase Sharply," Foreign Commerce Weekly, LIX (January 27, 1958), p. 8.

the European Coal and Steel Community can be measured in dollars however.

One of the most important results is the elimination of coal and steel as weapons of economic diplomacy.⁴⁴ The most important result, however, was experienced in 1958 when delegates from each of the six countries met at Rome and established the European Economic Community and Euratom. The European Economic Community is attempting to remove all barriers among the six nations. Tariff walls will come down gradually over a period of time and goods will flow freely from member nation to member nation. Not only will goods move from member to member but also the people will move about anywhere in the six states without a passport. Symbolizing Western Europe's continuing unity, the European Economic Community and Euratom, a Community to develop the peaceful uses of atomic energy, adopted two of the European Coal and Steel Community's institutions as their own. These two institutions, the Common Assembly and the Court of Justice, have triple roles and will, no doubt, continue to help unify Europe. All this was possible only because of the pioneer work done by the European Coal and Steel Community. It was the first concrete attempt after Briand's attempts in the latter 1920's to bring unity and order into a Europe of chaos. The European Coal and Steel Community deserves a special place in history because it was striving for the economic unity of Europe and eventually the political union

⁴⁴Vernon, "Launching the European Coal and Steel Community," p. 804.

through a functional approach. It is important also because it infused the entire European Community with the idea of a supra-national state⁴⁵ and with the idea that progress and cooperation go hand in hand.

⁴⁵Barzanti, The Underdeveloped Areas Within the Common Market, p. 384.

CHAPTER IV

GREAT BRITAIN AND EUROPEAN UNIFICATION

In every move toward European unification Britain has made it clear that she will join only on a limited basis and without surrendering any of her sovereignty.¹ It is this political philosophy which has kept her out of both the European Coal and Steel Community and the European Economic Community because the six countries which make up these two organizations would not accept her unless she not only gave up some of her sovereignty but also gave up her ties to the Commonwealth and her special relationship with the United States. Britain has not been able to bring herself to do any of these things. She has been used to setting the qualifications and can not psychologically seem to see herself in any other position in world society today. Traditionally, Britain's policy toward Europe has been one of maintaining the balance of power. Following World War II it was rather difficult for Britain to play this role because her physical damage was so extensive that this policy was no longer conceivable. On the other hand it is true, as Miriam Camps states, that the British could do very little for Europe and that Europe could do even less for Britain.² However, Europeans were more interested than they

¹Robert L. Heilbroner, "Forging A United Europe: The Story of the European Community," Public Affairs Pamphlets, no. 308 (January 1961), p. 21.

²Miriam Camps, Britain and the European Community 1955-1963 (Princeton: Princeton University Press, 1964), p. 4.

had ever been at any other time in preventing any future attempts to create such devastation as they saw around them in Europe. Thus they became interested in political assemblies and customs unions. Britain saw all these political and economic preoccupations as just more evidence of European political instability and therefore had little to do with them. Britain felt that there were more important problems to be solved.³

This attitude on Britain's part, however, did not preclude her joining a European organization. Churchill, on September 19, 1946, made a speech at the University of Zurich in which he urged the creation of a United States of Europe.⁴ This speech by the most powerful figure in Europe at that time tended to give Europeans hope; however, Churchill's speech did not mean the same thing to him and the Britons as it did to the Europeans. To Churchill and the Britons it meant an organization such as the Organization for European Economic Cooperation, which was established in 1948 to administer the Marshall Plan. This organization was a loosely knit organization and did not require that a nation give up any of its sovereignty. Neither did it have a supranational institution to administer it. To Europeans Churchill's speech meant the formation of a European supranational government.

³Ibid.

⁴A Report by a Chatham House Study Group, Britain in Western Europe: WEU and the Atlantic Alliance (London: Royal Institute of International Affairs, 1956), p. 12. Hereafter cited as Britain in Western Europe.

Britain's point of view prevailed when she led in the formation of the Organization for European Economic Cooperation,⁵ despite the fact that President Truman on April 3, 1948 when announcing the Marshall Plan suggested strongly to the Europeans that they work toward developing a single market such as is found in the United States. Truman's speech was the first significant move toward European economic unity.⁶ The Organization for European Economic Cooperation served well in the early days but before 1952 when the Marshall Plan was to run out the continental Europeans had begun to get nervous about what would happen later when they could no longer depend on American aid. Consequently, they established the European Coal and Steel Community which they invited Britain to join. She decided not to join.

There were several reasons for Britain's decision to stay out of the European Coal and Steel Community. One of them was that she did not believe in federation. She believed that the best way to work was through intergovernmental action. Her attitude toward herself was also instrumental in keeping her out. Britain saw herself linked to the Commonwealth, to the United States, and to Europe, in that order of importance.⁷ Britain still looked upon herself as the third power in the world. After all, she was the only major western European country which had come out of the war

⁵Don Cook, "Britain and Europe at Sixes and Sevens," Reporter, XXI (July 9, 1959), p. 14.

⁶Charles A. Cerami, Alliance Born of Danger: America, The Common Market, and the Atlantic Partnership (New York: Harcourt, Brace and World, Inc., 1963), p. 14.

⁷European Organisations, p. 351.

unconquered. Neither then nor later did Britain wish to jeopardize her special relationship with the United States nor did she wish to destroy her links with the Commonwealth nations.⁸ Unification with Europe would disrupt these relationships. Not the least among the reasons for the lack of enthusiasm for federation among the British was the fact that the British feared the unstable character of many continental governments and distrusted foreigners with decisions affecting British lives.⁹ This sentiment was operative when the Churchill government decided it was not ready to join the European Coal and Steel Community pool but that it would like to establish a close association with the High Authority. With that purpose in mind, Britain sent a delegation.¹⁰ In this instance the British were not being obstructionists when they refused to join the Europeans in the European Coal and Steel Community; they were merely reflecting broad and deep national convictions. Britons would consider federations with English speaking peoples, the Scandinavians or the Dutch, but they just did not have enough confidence in the Latin people or the Germans to federate with them. They saw them as unreliable partners.¹¹

The movement for continental federation had goals in all

⁸McKesson, "The Schuman Plan," p. 27.

⁹Ibid., p. 28.

¹⁰Sethur, "The Schuman Plan and Ruhr Coal," p. 516.

¹¹Lincoln Gordon, "Myth and Reality in European Integration," Yale Review, XIV (September 1955), p. 97.

three main areas of foreign policy: economic, political, and military. Those who wanted intergovernmental cooperation did not want federation and Britain was one of these.¹² She would cooperate in any of these areas of foreign policy, but she would not give up her sovereignty. This was in spite of the fact that European economic integration became a major objective of American foreign policy in connection with the European Recovery Program.¹³ Later Dulles was to talk about "agonizing reappraisals" of American foreign policy toward Europe if Europe did not continue with its economic unification.

The British were not alone in their faith in intergovernmental cooperation. The Scandinavians were also interested in this type of cooperation.¹⁴ Later, Sweden was indignant when the European Economic Community told her that unless she gave up her policy of neutrality and merged with them in every way she would not be allowed to join them. Like the British, the Swedes have one principle which means more to them than economic prosperity within the European Economic Community. That principle is their neutrality. Today Sweden is still not a member.

This struggle between the two types of European unity, federalism and intergovernmental cooperation, has until today kept Europe divided. When the call came for Britain to send a delegate

¹²Ibid., p. 82.

¹³Ibid.

¹⁴McKesson, "The Schuman Plan," p. 27.

to negotiate the European Coal and Steel Community with the Europeans, Britain was in the process of nationalizing her own industries and was not about to turn them over to a supranational organization.¹⁵ The Labourites said that the Schuman Plan was not compatible with Labours' economic aims. It did not provide for the social ownership of the coal and steel industries; it was not socialist planning for full employment, so the British wanted no part of it.¹⁶ The Conservative Party was highly critical of the Labour government for not taking part in the European Coal and Steel Community talks, but when forced by Sir Stafford Cripps to face the real issue Churchill declared: "If the Chancellor asks me if I would agree to a supranational authority which had the power to tell Great Britain not to cut any more coal, or to make any more steel, but to grow tomatoes, I would say without hesitation, 'no'."¹⁷ With Churchill's "no," support for British efforts to unite with Europe gradually disintegrated. However, Prime Minister Attlee did extend his sympathy to the French in their efforts to form an organization through which they could end their age-long feud with Germany.¹⁸

France was especially concerned with unification because she was afraid of a resurgent Germany with military power and the independence to use it. This, combined with the future discontinuance

¹⁵Cook, "Britain and Europe at Sixes and Sevens," p. 114.

¹⁶"A Promise," Commonweal, LIII (October 20, 1950), p. 29.

¹⁷McKesson, "The Schuman Plan," p. 27.

¹⁸Britain in Western Europe, p. 19.

of the Marshall Plan which had provided a cohesive factor for Europe, provided motivation for the development of the Coal and Steel Community Treaty.¹⁹ Why then were the French so afraid of the Germans? Did not they have the Council of Europe? Had not the French managed to persuade the British to agree to its formation in May 1949? To the latter two questions one could answer yes, but with a qualification. The French had succeeded in talking the British into joining the Council of Europe, but it did not have much power. It had only two organs, the Committee of Ministers which was usually composed of the foreign ministers of member governments and the Consultative Assembly which was usually composed of members of the fifteen state parliaments elected by those bodies or appointed by the government.²⁰ It soon became apparent that the Council of Europe which embodied the intergovernmental point of view toward European unification was not only ineffective but also that it was divided into two groups: the inner six (Belgium, The Netherlands, France, Luxembourg, and Italy) which were only five at that time and the outer seven (Britain, Portugal, Sweden, Denmark, Austria, and Norway) which were only six at that time. The inner six wanted federation, reduction of the powers of the national governments, and the creation of a super-state. The outer seven did not subscribe to these ideas at all. The French cabinet felt so strongly about the matter that it decided to appoint a Minister of State for European Affairs in 1950. When

¹⁹Vernon, "The Schuman Plan," p. 185.

²⁰Britain in Western Europe, p. 13.

it became abundantly clear to the inner six that there was a fundamental disagreement about the future political integration of Europe between them and the countries led by Britain, they decided to proceed with their own plan. The European Coal and Steel Community was the result.²¹

The rapidity with which the European Coal and Steel Community negotiations were completed and put into force surprised the British statesmen. They became concerned; accordingly Eden tried to link it to the Council of Europe, but without success.²²

Almost immediately after the European Coal and Steel Community Treaty came the Treaty to establish the European Defence Community. At this time no one knew if the Defence Community would work because the European Coal and Steel Community Treaty had not even been signed before Pleven proposed the Defence Community. In fact, Schuman proposed the European Coal and Steel Community in May 1950 and Pleven proposed the European Defence Community in September 1950. However, the European Coal and Steel Community had been operating two years before the French finally rejected the European Defence Community Treaty in August 1954. Britain welcomed French initiative in attempting the formation of the European Defence Community as an important contribution to Europe's defense. However, Britain decided to think about how she could best associate herself with it;²³ she took

²¹Ibid., pp. 15-16.

²²Ibid., pp. 23-24.

²³Ibid., p. 15.

this attitude even after Churchill had urged in the summer of 1950 that a European army be created with a European Minister of Defense.²⁴ The British would not join the European Defence Community and the Americans would not commit themselves to keep a certain number of troops on the continent so France did not ratify the Treaty. The French were afraid that they could not control Germany without Britain's help.²⁵ The British would not join because their foreign policy was always aimed at including the United States and Canada in any defense system that they joined.²⁶ After the failure of France to ratify the European Defence Community, the Western European Union organization was broadened to include Germany. The Western European Union was a defense organization which grew out of the Brussels Treaty, and it was made up of the Benelux countries, France, Italy, and Great Britain. In 1951 it lost some of its powers and came under NATO. It was this organization which enabled German rearmament to eventually occur. Afterwards, France was persuaded to accept full German participation in NATO.²⁷ The European Defence Community episode was just one more instance of what the Europeans called British obstructionism or lukewarmness. Although this episode seemed to put European unification into eclipse for the

²⁴Ibid., p. 14.

²⁵Daniel Lerner and Raymond Aron, eds., France Defeats EDC (New York: Frederick A. Praeger, 1957), p. 10.

²⁶Ibid., p. 8.

²⁷Gordon, "Myth and Reality in European Integration," p. 81.

time being, there was ferment underneath for further unification. Again Britain was invited to send a delegate.

In June 1955 Europe invited Britain to send a minister to the Messina Conference in Italy to begin work on a common market. Anthony Eden replied that no minister was available but that he could send a senior official. They, in turn, replied that "if Britain couldn't find a minister to spare it could stay out."²⁸ Britain did stay out. At first the British government doubted the seriousness of the six countries which formed the European Economic Community.²⁹ It was not, however, deluded for long. According to Paul-Henri Spaak, former Belgian premier, the entire world was shaken by the signing on March 25, 1957 of the Treaty to set up the Common Market. He also confirmed that Europe had had quite a few difficulties with Great Britain in the past; in fact many of the obstacles arising in Europe were due to her lukewarmness. Europe has made Britain move. Even before the Treaty was signed Britain was attempting to form a free trade area. The Scandinavian countries also became intensely interested in Europe.³⁰ The success of the European unification movement made the British so nervous that they banded together with the other countries to form the European Free Trade Area.³¹ Banded together is probably a

²⁸Cook, "Britain and Europe at Sixes and Sevens," p. 15.

²⁹Kurt Birrenbach, "Europe, the European Economic Community and the Outer Seven," International Journal, XV (Winter 1959-1960), p. 63.

³⁰Paul-Henri Spaak, "The New Europe," The Atlantic Monthly, CCII (September 1958), p. 40.

³¹Cerami, Alliance Born of Danger, p. 35.

better definition of what they did than any other term one can find. The British had hoped that if they acted soon enough they could get not only the outer seven but the inner six to join the European Free Trade Area. The inner six, however, rejected the bid. They regarded Britain's action as an attempt to obtain the economic advantages of the common market without sacrificing any sovereignty.³²

When it became obvious to the British that their attempts to establish a free trade area among OEEC countries had failed, they set up the European Free Trade Area,³³ which included Britain, Sweden, Norway, Denmark, Switzerland, Austria and Portugal. The establishment of the European Free Trade Area in Stockholm on November 20, 1959 brought fear to people on both sides of the Atlantic that this act might widen the division of free Europe.³⁴ For Britain the European Free Trade Area represented only a second best solution. It kept the other OEEC countries together, thus preventing bilateral agreements with the European Economic Community. The British wanted to use it as a collective bargaining force. Since Germany had thirty per cent of its trade with European Free Trade Area countries, Britain hoped to influence her so that she might in turn influence the other European

³²Cook, "Britain and Europe at Sixes and Sevens," p. 15.

³³Curtis, Western European Integration, p. 238.

³⁴Birrenbach, "Europe, the European Economic Community and the Outer Seven," p. 59.

Economic Community countries.³⁵ In contrast to the European Economic Community, the European Free Trade Area did not have political objectives nor any intentions of political integration. According to the Stockholm Convention, a member could withdraw at any time if he gave one year's notice. In the Treaty of Rome which established the European Economic Community there was no provision for withdrawal.³⁶ Also in contrast to the European Economic Community, there was to be no common external tariff wall in the European Free Trade Area. Tariffs and quotas among the members were to be eliminated gradually, but other than this each country could pursue any economic policy it pleased. The European Free Trade Area called for economic cooperation among its members, but not for economic integration.³⁷ In accordance with the Convention, tariffs had been cut by sixty per cent in 1964.³⁸ This tariff cut was nullified, however, in October 1964 when the new Labour government imposed a fifteen per cent surcharge on all imports except raw materials and food, thus eliminating most of the tariff reduction since 1960. The most damaging aspect of this decision was that Britain made it without consulting her European Free Trade Area partners.³⁹ Britain could not have behaved in this manner if she had belonged to the

³⁵Curtis, Western European Integration, p. 239.

³⁶Ibid., p. 240.

³⁷Ibid., p. 239.

³⁸Ibid., p. 242.

³⁹Ibid., p. 246.

European Economic Community. Her action came partly as a result of her failure to get into the European Economic Community in 1963.

Economists had urged Harold Macmillan and his cabinet to get into the Common Market, but they did not think the "de Gaulle-Adenauer axis" would last. Macmillan did not think they would cooperate with each other.⁴⁰ Contrary to expectations, they did cooperate. By 1961 Britain's lagging economy, growing economic dependence on Europe, and the loss of Suez jolted her out of her sense of security and made her desirous of joining the Common Market.⁴¹ In early 1962 in Toronto Prime Minister Harold Macmillan stated confidently that the Common Market would have to make it easy for Britain to join. Adenauer responded that perhaps Britain might not be able to pay the price of membership, and there was talk that Britain would have to be given a long transitional period in which preferential tariffs for Commonwealth countries could be gradually reduced.⁴² The entire issue of Britain's application for membership had originally come to a head in 1961. Macmillan and Adenauer had discussed Britain's application and it was understood that Britain would apply for membership. At about this time the six were scheduled to start talks about political confederation. The Dutch wanted the British

⁴⁰Cerami, Alliance Born of Danger, p. 29.

⁴¹Robert T. Elson, "The New Europe," Life, LIV (February 1, 1963), p. 23.

⁴²"Common Market: The Terms for Britain," Time, LXXIX (May 18, 1962), p. 22.

to sit in on the meetings. De Gaulle said no; Adenauer supported him and so did the Italians. The Dutch Foreign Minister, Joseph Luns, who was the leader of the "let's bring Britain in" movement, stated that ". . . there will be no voting on anything until the matter of British attendance has been settled in a democratic manner." In effect, he was using his veto power.⁴³ The meeting had to be postponed until July. During the intervening time, Luns hinted that The Netherlands might pull out of all or any moves toward political integration. Finally it was agreed that the meetings toward political union of the inner six would go forward. There was, also, a provision saying that other European countries which were prepared to assume the responsibilities and obligations of the European Economic Community should join them. This gave the British another chance.⁴⁴

Great Britain's application for membership caused misgivings among her trade unions because they were afraid they might be competing with floods of workers from the continent.⁴⁵ The Commonwealth nations, especially Canada and Australia, were also concerned about her application for membership.⁴⁶ Britain could not afford to ignore the Commonwealth because she did most of her trade with it. If she were to join the Common Market, it would

⁴³Cerami, Alliance Born of Danger, pp. 43-44.

⁴⁴Ibid., pp. 44-45.

⁴⁵"To Join or Not to Join," America, CV (July 29, 1961), p. 559.

⁴⁶Ibid., p. 558.

thus be necessary to obtain a guarantee from the six that the producers of farm goods and raw materials in the Commonwealth would not lose their opportunity to sell their products to Britain.⁴⁷ Selwyn Lloyd, British Secretary of State for Foreign Affairs, also said that Britain must consider countries outside the Common Market since she did eighty-four per cent of her trade with non-Common Market countries.⁴⁸ None of these people should have worried about what would happen if Britain did join the Common Market. De Gaulle said no to her application and that was all that could be done about it. Any of the six countries had a complete veto over accepting another member into the organization. Subsequently Macmillan was highly indignant with de Gaulle. He pointed out that during the negotiations Britain's size and her world trading connections were not held against her, and that "The Channel was not regarded as an unbridgeable chasm. Now it seems things are different." Moreover, he said that the French had not objected to Britain's entry any time during the long months of negotiations.

Not only were the British chagrined but also the Dutch, Belgians, Germans and Italians were annoyed. The Dutch and Belgians threatened economic reprisals against France, and Luxembourg threatened to stay away from any further efforts toward political

⁴⁷Cerami, Alliance Born of Danger, pp. 55-57.

⁴⁸The Right Hon. Selwyn Lloyd, "The British Position," (before the House of Commons on July 25, 1960), Britain in the Sixties, ed. Robert Theobald (New York: The H. W. Wilson Company, 1961), p. 121.

integration.⁴⁹ German Foreign Minister Gerhard Schröder threatened to stop the signing of the Franco-German treaty of friendship. He also threatened to veto associate membership for Algeria which he knew de Gaulle wanted.⁵⁰ Under the circumstances de Gaulle softened and allowed the negotiations to continue, but he did not change his non to oui. Consequently, Britain is still not a member of the Common Market. She is isolated from her continental neighbors economically, politically, and even in defense, and there is absolutely nothing splendid about it.⁵¹

Formerly in May 1950 when Schuman proposed the European Coal and Steel Community Britain had refused to join because of her distrust of continental European politics, her unwillingness to delegate any of her national sovereignty, her unwillingness to relinquish her ties with the Commonwealth, and her unwillingness to forego her special relationship with the United States. In 1961 she was finally willing to grasp the European hand which had been formerly extended to her. However, France's veto of her entry into the Common Market occurred in 1963 and ended for a long time Britain's chances of uniting with Europe.

Without a doubt Britain's failure to enter the European Coal and Steel Community has affected her economic progress. British economic growth has been lagging behind continental growth since 1950. "In the United Kingdom, industrial output per worker was 12

⁴⁹Elson, "The New Europe," p. 19.

⁵⁰Ibid., p. 22.

⁵¹Cook, "Britain and Europe at Sixes and Sevens," p. 14.

per cent higher in 1960 than in 1953. In Belgium the corresponding increase was 19 per cent; in Germany, 34 per cent; in The Netherlands, 40 per cent; in France, 60 per cent; and in Italy, 63 per cent."⁵² Not only was Britain failing to keep up with the continental six in output per worker but also she was failing to attract American investment. No later than 1957 Britain accounted for fifty-seven per cent of American investment funds in Europe. In 1959 this figure had dropped to forty-five per cent, and by 1962 to twenty-two per cent. In the meantime, American investment funds to the Common Market countries had risen from thirty-six per cent in 1957 to forty-nine per cent in 1962.⁵³

Britain's failure to enter into European integration not only affected her but it also affected the six continental countries. Britain's admission would have necessitated allowing her exceptions to the general rules and regulations, thus opening the floodgates to all other kinds of exceptions for other member states.⁵⁴ Their refusal to allow Britain entrance has helped them to maintain a purely continental European outlook. They are free to develop Europe and not to worry about colonies all over the world. By refusing Britain admittance they also have been able to maintain their protectionist attitude toward production and trade. Europeans can enjoy a certain amount of pride in the fact that for the

⁵²Randall Hinshaw, The European Community and American Trade (New York: Frederick A. Praeger, 1964), p. 103.

⁵³Ibid.

⁵⁴Heilbroner, "Forging a United Europe," p. 21.

first time in this century Britain needs Europe more than Europe needs Britain.

CHAPTER V

AN EVALUATION OF EFFORTS TOWARD EUROPEAN UNIFICATION

Today in Europe we see the development of what many men have dreamed of: European unification. This movement has progressed from the literary and theoretical stage of the Duke of Sully, William Penn, and Victor Hugo to the present century during which it began to gain adherents, such as Count Coudenhove-Kalergi, who were willing to devote their full time to the development of a "United States of Europe." This movement first began to gain impetus in the late 1920's when Coudenhove-Kalergi won Briand over to his way of thinking. German economic conditions, the Nazi advent to power, and rampant nationalism, however, destroyed any chance of European unification before World War II. Following World War II Europe was so devastated that there was no chance of unification. Each country was bogged down in its own misery and did not worry about its neighbor.

In 1947 a new spur toward unification came from President Truman when he announced the Marshall Plan, suggesting to the Europeans that they plan an organization which would work toward a common market such as we have in the United States. As a result the British instigated the Organization for European Economic Cooperation which planned the spending of the Marshall Plan aid, although each individual country handled the funds allocated to it. In this Organization for European Economic Cooperation the British were following their philosophy toward European unification which

was that all governments should cooperate in an intergovernmental organization.

The continental Europeans favored a closer type of unification, one with supranational institutions which had effective power. To this supranational organization they were willing to relinquish some of their sovereignty, an act to which the British were strongly opposed. In view of their desire for European unification, their fear of West Germany, and their additional anxiety caused by the fact that Marshall Plan aid was to stop in 1952, the continental countries began with the blessings of the United States to plan for their economic future.

Part of the answer to their problems was provided in May 1950 when Schuman made the proposal to establish the European Coal and Steel Community. Europeans grasped the plan, putting it into effect within two years after its proposal. This Community was established with four principal institutions--the High Authority, the Common Assembly, the Council of Ministers, and the Court of Justice. The European Coal and Steel Community was a supranational organization concerned only with coal and steel and their products, not with political integration. Its importance lay in that it was the very first concrete organization embodying the supranational and federal view held by those Europeans who were partisans of European unification.

In 1954, only two years after the establishment of the European Coal and Steel Community, there came a period when its partisans began to fear for the future of European unification.

France rejected the European Defence Community which would have had aims similar to those of the European Coal and Steel Community. Some Europeans began to fear that France would bring about the disintegration of the Coal and Steel Community since her rejection of the European Defence Community represented one aspect of her foreign policy. The French were hesitant about giving up any more of their sovereignty. They were afraid that such a move would affect their mobility of movement in foreign policy. The French were afraid of being in a defense organization with West Germany and without Britain. They were afraid that the Germans would gain control of the organization and hinder the movement of French troops.

Fortunately, anxiety about the future of the European Coal and Steel Community was misplaced. It did not disintegrate as some Europeans thought it would. In fact it worked so well that in 1955, only three years after its formation, Europeans met at Messina and gave up a considerable amount of their sovereignty to an organization called the European Economic Community. Again Britain refused to cooperate with the continental Europeans. They went ahead without her. The planners of the European Economic Community which grew out of the 1955 Messina Conference provided for a long transitional stage of fifteen years. In addition to the European Economic Community, Euratom was formed, an organization whose function it was to develop and use atomic energy for the benefit of all Europe. These latter two organizations shared two of the European Coal and Steel Community's institutions: the Common Assembly became the European Parliamentary Assembly and the Court of Justice became the European Court of Justice.

Europe continues to progress from several small countries each with high tariff walls and small markets to one large country with common tariffs and large markets. Economic unification has proceeded much more rapidly than has the political unification, but if Europe becomes economically unified, political union will come. Ten years of unprecedented prosperity have weaned the Europeans from their old ways of thinking. They are becoming Europeans rather than Frenchmen or Germans or Italians.

There is one ominous cloud on the horizon of European unification, however, and that is its effect on other countries. The European Economic Community has a tendency to raise its protective tariffs too high against non-Community countries. In order to remain in good economic health some of these countries must trade with the European Economic Community. Britain is one of them. Of late she has seen herself little by little squeezed out of the market. Denmark is another country which has suffered from the protectionist policies of the European Economic Community. Her egg market in West Germany has been lost due to changing attitudes toward farm producers in the European Economic Community.

If the European Economic Community continues to follow these policies, it will undoubtedly become economically stronger, but the free world can not afford to have the other European countries suffer as they will if the European Economic Community continues to increase its protective tariff walls against outsiders. Too, nationalism is a problem which the European Economic Community must eventually face. In the past nationalism has raised its ugly head.

In the future, as a prerequisite for and a consequence of integration, the people must come more and more to feel, to think, and to act like Europeans. When they do, Europe may become a force with which both the United States and the Soviet Union will have to reckon.

APPENDIX A

Membership of Western Organizations

Countries	European Communities						
	NATO	CE	WEU	ECSC	EEC	EURATOM	EFTA
Belgium
France
German Fed. Rep.
Italy
Luxembourg
Netherlands
Canada	.						
Denmark	.	.					.
Greece	.	.			**		
Ireland	.	.					
Norway	.	.					.
Portugal	.						.
Turkey	.	.					.
United Kingdom	.	.	.	*		*	.
United States	.						
Austria		.					.
Irish Republic		.					.
Sweden		.					.
Switzerland							.
Spain							.
+Cyprus	.						

*The United Kingdom has a special association with the ECSC, and an agreement for co-operation with Euratom.

**Associate member.

+Joined in 1961.

Source: The Atlantic Community Quarterly, Vol. 1, No. 2, p. 297, reprinted in Timothy W. Stanley, NATO in Transition: The Future of the Atlantic Alliance (New York: Frederick A. Praeger, 1965), p. 72.

Western Organizations:

NATO: North Atlantic Treaty Organization
 CE: Council of Europe
 WEU: Western European Union
 ECSC: European Coal and Steel Community
 EEC: European Economic Community
 EURATOM: European Atomic Community
 EFTA: European Free Trade Area

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THE DEVELOPMENT OF THE EUROPEAN COAL AND STEEL COMMUNITY

by

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Beginning with the Romans many people have tried to bring about the unification of Europe, some by force and some by persuasion. Most of the attempts in the past two centuries have been by force. Napoleon tried to unify Europe in the early nineteenth century and Hitler tried to unify it in the twentieth century. Both used similar methods and both failed.

In the late 1920's peaceful attempts to unify Europe by Aristide Briand and Count Coudenhove-Kalergi were unsuccessful because of world conditions. Successful in at least starting Europe on the plan to full unification, the peaceful effort of the Schuman Plan established in 1952 the European Coal and Steel Community. A supranational organization, it worked effectively with four principal institutions charged with attending to all affairs connected with coal and steel. Having some problems to face before it could really integrate the coal and steel market of the six continental countries (West Germany, France, Italy, Belgium, The Netherlands, and Luxembourg) which made up the European Coal and Steel Community, it was so successful that further attempts to unify Europe were undertaken.

Some of the problems which the European Coal and Steel Community attempted to solve were the double pricing of freight rates in Germany, the closing of uneconomical mines in Belgium, the protecting of Italy's infant steel industry, and the breaking up of protective cartels in France. Scrap was another serious problem which had to be dealt with in addition to the problem created by the influx of American coal and its high cost. American coal mines have broader and shallower seams than those of Europe

so they can produce an abundance of coal at a lower cost per ton.

Although not completely solving all these problems, the European Coal and Steel Community had made so much progress by 1955 that Europeans were ready to advance another step in their efforts to reach European unification. This step was taken when the Treaty of Rome was signed and ratified by the six Coal and Steel Community nations. The organization which grew out of this Treaty became known as the European Economic Community and was planned to reach full economic unification in both agriculture and industry. A longer stage of transition was planned for agriculture than for industry.

The only other European country intimately connected with the European unification movement was Great Britain which today belongs to none of the European communities. Her attitude toward European unification kept her from joining the six continental countries in forming their communities. She believed in unification at the intergovernmental level, whereas they believed in federation or confederation in a supranational organization with effective powers.

Partly prompted by de Gaulle's refusal to admit her to the European Economic Community, Britain formed the European Free Trade Area incorporating those countries not in the European Economic Community. Britain, however, proved the European Free Trade Area ineffective in 1964 when, without consulting her partners, she placed a fifteen per cent surcharge on all imports except food and raw materials.