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A STUDY OF THE ROLE OF JEAN MONNET IN THE
DEVELOPMENT OF THE COMMON MARKET

A Thesis
Presented to
the Faculty of the Graduate School
Appalachian State Teachers College

In Partial Fulfillment
of the Requirements for the Degree
Master of Arts

by
William Edward Close
August 1964

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DEVELOPMENT OF THE COMMON MARKET

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THESIS ABSTRACT

It was the purpose of this study to present the role which Jean Monnet has played in the development of the Common Market. The Common Market, officially known as the European Economic Community, is one of several regional organizations which have attempted to unite Europe in an economic, political, or social manner. The Common Market has made the most progress and is the most controversial at the present time.

The historical method of research was used. Primary sources included a text by Jean Monnet; Action Committee Declarations; and a personal interview with Mr. Leonard Tennyson, head of the European Community Service in Washington, District of Columbia. Major secondary sources emphasizing the various aspects of the Common Market were examined. These sources included texts, periodicals, newspapers, and materials from the European Community Service.

This work depicts Jean Monnet as a unique person. Although having a very meager formal education, Monnet still managed to meet and influence a number of noted personalities. During much of his life he occupied

positions of an international nature, such as the following offices: Deputy-Secretary-General of the League of Nations, a position in which he worked to improve the financial situations in Austria, Poland, and Sweden during the twenties and early thirties; head of the High Authority of the European Coal and Steel Community; and more recently President of the Action Committee for the United States of Europe.

Monnet firmly believes that European unity is necessary to preserve civilization. It is to these ends that his efforts are directed. Apparently rejected by French President Charles de Gaulle, Monnet, from Action Committee headquarters in Paris, continues to stress man's need to adopt common institutions which could ease world tensions and provide a basis for world peace.

The Common Market, which emerged from the Rome Treaty of 1957, represents the most advanced stage toward the goal of European unity.

It was concluded that the European Economic Community is a primary step toward European unity. Though Monnet and others have done notable work, much remains to be done. The impact of the Common Market upon member and non-member states has been and will be of great significance. It seems apparent that European unity will be realized first through economic means and then by political means.

PREFACE

The author wishes to express his thanks to those who have been kind enough to answer his inquiries by letter, whose names have been listed under "Personal Correspondence" in the bibliography. He also owes thanks to Mr. Leonard Tennyson, head of the European Community Service; to Mr. James Poston, Instructor in French at Lackey High School in Indian Head, Maryland, for his assistance in translation of certain documents and books; and to Mrs. Margaret Rohrbaugh of the Enoch Pratt Library, Baltimore. None of these is to be held responsible for the views expressed herein, nor for any errors of fact; these are matters for which the author of the present study assumes full responsibility.

Appreciation is also extended to Dr. Julian C. Yoder, Dr. Cratis D. Williams, and Mr. Malcolm O. Partin for reviewing this work. The author wishes to express special thanks to his major professor, Dr. Edward H. Gibson, III, for his guidance and suggestions in the preparation of this study.

The map on page 68 indicating sources of energy in the European Community was made available through the courtesy of the European Community Service in Washington, District of Columbia.

INTRODUCTION

The author of the present study recognizes three limitations upon its applicability to history. Firstly, the whole subject of the Common Market is of relatively recent origin, having developed in the confusing post-World War era and amidst the Cold War between the two great East and West antagonists, Russia and the United States. The ultimate value of the Common Market as an essential step toward the ideal of European political unity will be assessed by future historians. The subject is one of infinite complexities, both economic and political, and it is unlikely that its ramifications will be thoroughly explored for some time.

Secondly, the materials, whether based upon "original" sources or the published opinions of journalists, are subject to revisions not only as to the selection of sources but also as to opinions derived from those sources.

Thirdly, if history ultimately labels Jean Monnet as the "father of the Common Market" as now appears likely, it must also be admitted that up to the present no competent biographer has recorded his life and works for posterity.

The present sketch, therefore, is modestly offered as evidence of the author's interest in the subject and his hope that it will be found useful as an introduction to a very large historical pattern about which much fugitive

material has already appeared in print, but which is still in a state of development and change.

As will be seen in the conclusion to this study, the author believes that the role of Jean Monnet will loom large in this historical pattern. As in the case of Germany before 1871, economic union was the precursor of unification; it may yet become the foundation stone of a European world devoted to the arts of peace rather than war.

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CHAPTER I

THE PROBLEM AND DEFINITIONS OF TERMS USED

One of the most profound developments in Europe since World War II has been the formation of regional organizations which have linked Europeans in a political, social, and economic manner. A persistent Frenchman, Jean Monnet, has played a major part in fostering these unions. The most widely acclaimed of the unions has been the Common Market. Over the years since 1950 many references to and comments upon the work of Jean Monnet have appeared in newspapers and journals. There has, however, been no biography of Monnet and no thorough analysis of his personal role in creating a new sort of European unity.

I. THE PROBLEM

Statement of the problem. It is the purpose of this study (1) to show the role of Jean Monnet in the Common Market, (2) to give a brief historical development of the Common Market, and (3) to present views as to the effects which the Common Market and Monnet will have on the future of Europe.

Importance of the study. Jean Monnet dreamt of a united Europe. With this dream of unity there came a dream

of peace. In this Monnet was not alone. Other leading world figures have named peace or mutual confidence as the world's greatest need. C. P. Snow, noted British scientist and novelist, has said that with peace in the world, the advantages to be gained by the human race in the future will be unlimited.¹

Arnold J. Toynbee has listed mutual confidence, which involves risk-taking, as the greatest need. To take a risk is to exhibit confidence in an idea or a project.² And Jean Monnet, in his thought and in his actions, has demonstrated his confidence in the idea of European unity and his willingness to take risks in its behalf.

The present balance of power in the world indicates that the unity of Europe is vital not only to balance power, but also to preserve peace. Moreover, it seems obvious that the course leading to a federated Europe will not follow a definite pattern.

Since 1950, however, this course of unity has followed an economic path. The establishment of the Coal and Steel Community in 1952 was the first step toward this goal of unity. Following the Treaty of Rome in 1957, the

¹William E. Dunwiddie and Horace Kidger, Problems of Democracy (New York: Ginn and Company, 1962), p. 13.

²Ibid.

Common Market emerged as a major economic force in the world. The Common Market has made much progress, but it has also become highly controversial. Nevertheless, the Market is a step toward the greater goal of European unity.

This study will attempt to present briefly the role of Jean Monnet in his pursuit of the idea of European unity, his success in convincing others that the idea is feasible, and how his efforts have culminated not only in the Common Market of the Six, but an extension of the idea to Great Britain and the Scandinavian countries.

Of course, European unity is not yet accomplished in an economic sense; it is still less an accomplished fact in a political sense. Nevertheless, a beginning has been made in both directions; and, as much perhaps as to any other man, we owe this beginning to Jean Monnet.

II. DEFINITIONS OF TERMS USED

Action Committee for the United States of Europe.

The term "Action Committee for the United States of Europe" was used to indicate the committee officially formed by Jean Monnet in 1955. The purposes of this committee were to prepare plans for the future political and economic integration of Europe and to urge the adoption of these plans.³

³Richard Mayne, The Community of Europe (New York: W. W. Norton & Company, 1962), pp. 110-11.

Association. The term "association" referred to a country which had special economic agreements in the European Economic Community, but was politically separated from it. The word "member" was not used because it implied formal membership.⁴

Atlantic Community. The term "Atlantic Community" was interpreted as meaning a group of free world nations extending from North America to the Mediterranean basin which are interested in the political and economic welfare of member states.⁵

Benelux. The term "Benelux" was the name applied to the union of Belgium, the Netherlands, and Luxembourg in 1947 for economic purposes.

Coal and Steel Community. The term "Coal and Steel Community" was the name applied to the 1951 union of France, West Germany, Italy, and the Benelux countries. The union provided one market for coal, iron, and steel.

Common Market. The term "Common Market" was the name

⁴Emile Benoit, Europe at Sixes and Sevens (New York: Columbia University Press, 1961), pp. 203-04.

⁵Francis O. Wilcox and H. Field Haviland, Jr. (eds.), The Atlantic Community (New York: Frederick A. Praeger, 1963), pp. 92-93.

applied to the economic community of the same six nations of the European Coal and Steel Community. The more appropriate name is the European Economic Community. This union, which was established by the Treaty of Rome in 1957, provided for the free movement of labor, capital, and services throughout the community. In addition, it provided for the gradual elimination of internal tariffs over a twelve-year period and the establishment of a common external tariff.⁶

Council of Europe. The term "Council of Europe" was used to designate the fifteen nation group organized in 1949. This bicameral organ, dedicated to fostering the social, economic, and cultural growth of member states, has played an important role in orienting the public regarding the vital issue of a federated Europe. Its object was to promote social and economic unity among member states.

Customs union. The term "customs union" can be interpreted as meaning a union with the function of levying common external tariffs and providing for the free movement of products among the established members without regard to national boundaries.

Economic union. The "economic union" must be

⁶Leonard Weiss, "The Significance of the European Common Market," Department of State, Bulletin 539 (Washington: State Department Offices, 1962), p. 1.

interpreted as meaning more than a customs union. An economic union would contain all the features of a customs union plus a common currency and more sovereignty for the European Economic Community regarding economic matters.⁷

European Free Trade Association. The term "European Free Trade Association" was the name applied to the integrated economic association comprising seven nations: Britain, Sweden, Norway, Denmark, Switzerland, Austria, and Portugal. Organized to stimulate trade of farm and sea products, the association did not provide any plan for political union.

Escape clause. The term "escape clause" referred to the adjustment of tariffs when increased imports were posing a threat to the economy of a nation.

Euratom. The term "Euratom" referred to a regional organization which was formed to explore the possibilities of peaceful uses of the atom. Member nations were France, Italy, Belgium, the Netherlands, Luxembourg, and West Germany. This organization began to function in 1958.

Eurocrats. The term "Eurocrats" was given to those members of the European Economic Community, Euratom, and the

⁷Benoit, op. cit., p. 30.

European Coal and Steel Community who believed in breaking down nationalist barriers and establishing "European" views leading toward the ultimate goal of European union.⁸

External tariff. The term "external tariff" referred to the common duty set by the Common Market against third countries. It was fixed by determining the arithmetical average of duties applied by member governments. The tariff made adjustment for certain products.

Free movement. The term "free movement" was used to identify one aim of the European Economic Community. Free movement implied the agreement to give Community migrants equal status with nationals of member nations. This right of movement was limited by certain conditions with regard to safety, health, and public order.

General Agreements on Tariffs and Trade. The term "General Agreements on Tariffs and Trade" referred to common policies agreed upon by the free world countries responsible for the majority of world trade. These agreements provided tariff schedules and trade concessions among the contracting parties plus associate nations.⁹

⁸"New Europe: Partner or Rival," Newsweek, LXI (January 7, 1963), 28.

⁹Benjamin A. Cohen (ed.), Worldmark Encyclopedia of the Nations (New York: Harper and Brothers, 1960), p. 1410.

High Authority. The term "High Authority" was the name given to the executive office of the European Coal and Steel Community.

Market. The term "market" referred to an area in which trade in certain commodities took place. The trade was governed by the particular product and the number of consumers available.

Quantitative restrictions. The term "quantitative restrictions" referred to limits which were placed on the amount or value of products to be imported or exported from a country.

Technocrat. The term "technocrat" was used to describe the European who has blended expert technical skill with political influence. Monnet is an example of this type of individual.

CHAPTER II

THE FATHER OF THE COMMON MARKET

There have been many references to Jean Monnet as being the "architect" of a united Europe. His life and the role he has played in the political-economic developments toward this architectural goal have been stressed in varied literature.

The goal of Monnet has not been fulfilled, but it has taken progressive strides which have exerted great impact upon the European Economic Community. This paper will attempt to give a picture of the role of Monnet in developing these ideas and to identify the problems which remain.

I. LITERATURE ON THE LIFE OF JEAN MONNET

In the southwest province of Charente, France, a noted internationalist was born in 1888. Jean Omer Marie Gabriel Monnet grew up in this vine-growing region under the careful guidance of his father. Jean's father, dedicated to the medieval tradition of passing on one's occupation from father to son, early impressed his offspring with the economic advantages of the cognac business. Monnet, famed as a banker and technocrat, is often regarded as having studied in the finer institutions of France. But this is a misconception; Monnet attended the schools of Cognac in the

province of Charente and progressed as far as the secondary schools. Francois Fontaine stated that he did not receive a diploma, although his father wished him to pursue his studies in Paris.¹

The lack of higher education did not deter him from making valuable contacts with international figures. The responsibility of marketing cognac abroad took him to England and to North America, where he made valuable personal contacts and where he succeeded in firmly establishing cognac on the Canadian market.² This spirit of international co-operation will be evident throughout the activities which play a part in the life of Monnet.

In the early 1900's as Monnet was looking for cognac trade in a remote Canadian town, he acquired some early values regarding the pooling of resources. This point is stressed by the following incident:

One day in Calgary, while looking for a horse and buggy to rent, he came across a stranger hitching up his horse. When Monnet asked him the whereabouts of a livery stable, the man countered: "Can you ride?" Monnet said yes. "All right," said the man, "take my horse. When you're through, just hitch it up here."³

¹Francois Fontaine, Jean Monnet (Lausanne: Centre de Recherches Europeennes, 1963), pp. 6-7.

²Anne Rothe (ed.), Current Biography (New York: H. W. Wilson Company, 1947), p. 446.

³"Then Will It Live," Time, LXXVII (October 6, 1961), 31.

This simple experience showed Monnet the good which results when two people collaborate on a common problem. He envisioned nations co-operating in the same manner. The lack of social classes, as in North America, would help immeasurably in eliminating the social barriers which had plagued the continent for centuries.

Rejected for military service in World War I because of kidney trouble, Monnet obtained a position on the Inter-Allied Maritime Commission. The chief contribution of Monnet in this work was the settling of French and British disputes over scarce war supplies.⁴ The supranational character of Monnet's work paved the way for his appointment as Deputy Secretary-General of the League of Nations in 1919, a post which he held for four years.⁵

In his post with the League of Nations Monnet exhibited great powers of persuasion. By contacting influential people at informal gatherings, Monnet was instrumental in securing a large loan for Austria and in solving the German-Polish question over Upper Silesia.⁶ Monnet, however, was disappointed in the League. The use of the veto by

⁴News item in the New York Times, May 2, 1962.

⁵John Brooks, "Profiles--The Common Market--II," The New Yorker, XXXVIII (September 29, 1962), 86.

⁶John Davenport, "M. Jean Monnet of Cognac," Fortune, XXX (August, 1944), 123.

sovereign powers pointed to the dangers of nationalistic spirit. The evident lack of freedom of will in this peace organization led to Monnet's resignation in 1923.⁷

The financial dangers to the Monnet-owned cognac business compelled Jean to confine his energies to rebuilding the enterprise on a stable basis. Within a few years the efforts of Monnet paid dividends, as the business showed profits of more than one hundred thousand dollars. Abandoning the family business for more challenging tasks, Monnet became affiliated with the Paris branch of an American investment firm, the Blair Company. After aiding in the refinancing of the governments of Poland and Rumania, the Blair Company merged with the Giannini Bank of America to form a corporation, Bancamerica Blair.⁸

In the late twenties Bancamerica Blair was drawn under the influence of Transamerica, a holding company. The worst depression in history, the 1929 upheaval, affected the economic conditions of both companies. Monnet volunteered his aid in revitalizing Bancamerica Blair and in refinancing the corporate interests of Sweden's match king, Ivar Kreuger. Monnet was successful in recapitalizing the

⁷Anthony Sampson, "The New Europeans," The Observer Middlesex, England, December 2, 1962, pp. 21-22.

⁸Davenport, op. cit., p. 124.

Diamond Match Company, one of the many companies controlled by Kreuger.⁹

Monnet's marriage also took an international twist when he married an Italian journalist's daughter, Sylvia Bondini, in 1929.

In 1933 Monnet's financial excursions took him to China, where he urged the Chinese government to organize a finance corporation for the purpose of securing capital at home and abroad. The Chinese Finance Corporation was established, and loans were arranged through the efforts of the Monnet and Murnane Company. The funds obtained were used by the Chinese government to foster economic growth.¹⁰

The year 1938 had a profound effect not only on Monnet, but upon the rest of the world as well. The Munich sell-out of that year, in which the democracies appeased Hitler by conceding the Sudetenland, brought the world to the brink of war. Edward Daladier summoned Monnet to Paris, where Monnet was assigned to the French Purchasing Commission, which placed aviation orders in America. During this period Monnet also headed the Franco-British Committee, whose purpose it was to co-ordinate the purchase

⁹News item in the Washington Star, January 15, 1958.

¹⁰Davenport, op. cit., p. 124.

of war materials and maritime vessels.¹¹

The blitzkrieg tactics of Hitler placed the government of France in a precarious position in early 1940. Lacking political strength, Premier Daladier was replaced by the indecisive Paul Reynaud. The Reynaud government set up temporary headquarters at Bordeaux, where the Cabinet resigned in May, 1940. This resignation paved the way for the accession of the dictatorial Marshal Petain and his Vichy government, which concluded surrender terms with Italy and Germany. This condition of France compelled Monnet to urge a Franco-British union. Monnet conferred with Free French leader Charles de Gaulle in London, and the idea was discussed with Churchill. This discussion resulted in Churchill's impractical declaration of a Franco-British union.¹² The ill-fated declaration reads as follows:

At this fateful moment in the history of the modern world the Government [s] of the United Kingdom and the French Republic make this declaration of indissoluble union and unyielding resolution in their common defense of justice and freedom. . . .

The two governments declare that France and Great Britain shall no longer be two nations but one French-British Union. The constitution of the Union will provide for joint organs of defense and for joint foreign, financial and economic policies. Every citizen

¹¹News item in the New York Times, May 2, 1962.

¹²Associates in Government United States Military Academy, Contemporary Foreign Governments (New York: Rinehart & Company, 1949), p. 92.

of France will enjoy immediately citizenship of Great Britain; every British subject will become a citizen of France. . . . During the war there shall be a single war cabinet, and all the forces of Britain and France, whether on land, sea, or in the air, will be placed under its directions. It will govern from wherever it best can. The two Parliaments will be formally associated. . . .

The Union appeals to the United States to fortify the economic resources of the Allies and to bring her powerful material aid to the common cause. The Union will concentrate its whole energy against the power of the enemy no matter where the battle may be. And thus we shall conquer.¹³

This union was intended to enable France to continue the war under common political institutions with Great Britain, including constitution, cabinet, and parliament. While this plan was to prove to be futile, it serves to display the continuous striving of Monnet for unity.

After the rejection of the Franco-British union and the fall of France in 1940, Monnet was placed on several Anglo-American committees that were entrusted with estimating war needs and providing greater efficiency in production. The presence of Monnet in America was due principally to Winston Churchill, who overcame legal difficulties by signing the Monnet passport.¹⁴ The work of Monnet also contributed to America's becoming the "arsenal of democracy," a term which referred to America's role in

¹³Davenport, op. cit., p. 124.

¹⁴Rothe (ed.), op. cit., p. 447.

assisting the Allied Powers during World War II.¹⁵

In 1943 the Anglo-American Arms Committee assigned Monnet the task of discussing the regrouping of French armies in Algiers, where he served as an aide to the French commander, General Giraud. It can be recalled here that following the Casablanca Conference in 1943, the Free French government of De Gaulle and the French government in Algeria were united. This union, urged by Jean Monnet, resulted in the establishment of the French Committee of National Liberation. This group, under a dual executive, conducted the war operations of the Free French. Under the joint authority of De Gaulle and Giraud, commissioners were appointed as an advisory body for the Free Committee of National Liberation.¹⁶ Monnet was the commissioner of arms supplies under this governing unit. This assignment later took Monnet to America to negotiate agreements for the rehabilitation of refugees. In the fall of 1943 foundations were laid for the beginning of the United Nations Relief and Rehabilitation Administration.

In 1944 Monnet confined his efforts to determining supplies for French lands which had been liberated after

¹⁵Sampson, op. cit., p. 21.

¹⁶Associates in Government United States Military Academy, op. cit., pp. 95-96.

Allied victories. During the remainder of World War II he concluded reciprocal agreements with Britain and the United States which made it possible for France to outfit several armed divisions. These agreements enabled the French to lend valuable assistance during the later stages of the war.

The nationalistic Charles de Gaulle became the sole leader of the Free French government of France, which had its headquarters in Algiers. During this time De Gaulle constantly spoke of the glory of France and its stately position. While the Free French performed notable work, especially in resistance movements, the De Gaulle government was not given de jure recognition by the Allies until October, 1944.¹⁷ This ostentatious spirit of De Gaulle led Monnet to caution the French leader to make an appraisal of French economic conditions and the apparent political unrest. The Monnet suggestion to alleviate some of these conditions resulted in the famed Monnet Plan of 1947.¹⁸

The launching of the Monnet Plan was due to the diligent efforts of Monnet, who worked tirelessly in Washington during the spring of 1946. Because of his work in the procurement of a loan, Monnet secured the title of

¹⁷ Ibid., p. 98.

¹⁸ "La Vie de 'Monsieur Europe,'" Bulletin Mensuel D'Information, XII (December, 1961), 6.

"little howitzer."¹⁹

II. JEAN MONNET AS A LEADER IN THE COMMON MARKET MOVEMENT

Jean Monnet has been a planner all his life. The post-war years were busy ones for Monnet and for Europe. World War II had crippled European political, industrial, and social life.

Experienced in banking and financial matters, Monnet was chosen by De Gaulle in 1945 to formulate provisions for the recovery of French economy. The result was the Monnet Plan, better known in France as the Commissariat du Plan de Modernisation et d'Equiptment.

The plan, developed by a cross section of French industrialists, aimed to press the 1947 level of production to a point equalling that of the 1929 high in French industry. The plan involved basic industries and became effective during the tenure of Premier Blum in 1947. The partial success of the plan was aided by loans from the World Bank and the Export-Import Bank. The production increases were most notable in coal and steel.²⁰

¹⁹"Commissaire du Plan," Newsweek, XXVII (May 13, 1946), 35.

²⁰Rita E. Hauser and Gustave M. Hauser, A Guide to Doing Business in the European Common Market (France: Oceana, 1960), p. 24.

The contribution made by the Monnet Plan was that it enabled France to participate in the Marshall Plan and it paved the way for future projects.

Post-war recovery in European countries followed a limited path. The rapid growth of West Germany in 1952, the inability of France to recover independently, and the indifference of the United Kingdom to the continent induced Monnet to draw up proposals for a bold adventure into the pooling of coal and steel.

This Monnet draft, presented to Robert Schuman, who in turn made the proposal, was one of the most noted foreign policy actions in history. Schuman's introduction of the plan without consulting many of his advisors made it unique.²¹ The idea came to be called the Schuman Plan, and the union organized under its terms was thereafter known as the European Coal and Steel Community.

Monnet emphasized the fact that the coal and steel pool was one stage in the development of a United Europe. Said Monnet, "The pooling of coal and steel production will immediately assure the setting up of a common foundation of economic development, the first step in the federation of Europe."²²

²¹William Diebold, Jr., The Schuman Plan (Clinton, Massachusetts: Colonial Press Inc., 1959), p. 8.

²²Ibid., p. 13.

The idea of using coal and steel was due basically to the Schuman idea of linking German and French resources to prevent future wars and the Monnet idea that coal and steel had worked well under his Monnet Plan. Monnet believed that the coal and steel pool, by uniting France, West Germany, and other nations of western Europe, might solve the East-West friction by enabling these nations to gain equal economic status with either the Soviet Union or the United States. By giving to a common authority the industrial power represented by coal and steel, the six nations designated for the proposed coal and steel pool also hoped to break up nationalistic rivalries which had plagued the nations for many years.²³

Monnet advocated the functional approach to coal and steel, and the European Coal and Steel Community emerged from it. The functional approach proposed that problems be solved along supranational lines rather than along nationalist lines. This approach seemed feasible because of the success of the Allies during World War II under a unified command.²⁴

From a technological standpoint the Europe of the

²³Hans A. Schmitt, The Path to European Union (Baton Rouge: Louisiana State University Press, 1962), pp. 58-59.

²⁴C. Grove Haines (ed.), European Integration (Baltimore: Johns Hopkins Press, 1957), p. 51.

1950's was weak in relation to the Soviet Union and the United States. Prior to the Korean war, the imbalance in production in western European countries led many observers to predict a depression. This premonition was particularly substantiated by the situation in the steel industry, whose production threatened to exceed demand and create an unnecessary surplus, despite Marshall Plan aid. There was also a fear that individual nations were gearing plans to promote cartels, which were simply a revival of past business practices that had resulted in limited markets.²⁵ The potential capabilities of India and China also caused great concern among many western Europeans.

Although six nations approved the plan, much suspicion centered around the delegation of power to a common authority. This suspicion of the six countries evidently revolved around the placing of important matters regarding tariffs, prices, and transport rates relevant to coal and steel in the hands of nine people who were acting independently of national governments.²⁶ This suspicion resulted in a Monnet visit to London in 1950 to explain to the British the advantages and disadvantages of the coal and

²⁵Schmitt, op. cit., pp. 49-50.

²⁶A. H. Robertson, European Institutions (New York: Frederick A. Praeger, Inc., 1959), pp. 103-07.

steel pool. England expressed interest, but declined membership for fear of losing her sovereignty.²⁷

The question of power delegated to the High Authority posed a major threat to the passage of the treaty. This threat was eased with a paper issued by Monnet stressing the limitations of the High Authority with regard to economic sovereignty and the use of its power only in times of extreme distress.²⁸

Despite difficulties, the European Coal and Steel Community treaty was signed in 1951 by France, Italy, West Germany, and the Benelux countries. It was put into force in the summer of 1952, with Jean Monnet named as Commissioner of the High Authority. The exemplary work of Monnet centered around the establishment of the coal and steel pool as a force likened to the free trade access within the United States. The executive power of the High Authority to tax and to curb trusts by legislation represented positive steps in the elimination of market strangle holds held by private Europeans for many years.²⁹

²⁷Diebold, op. cit., pp. 48-49.

²⁸Ibid., pp. 64-65.

²⁹Eugene H. Bland (ed.), "Gold Medal Award for Outstanding Contribution Through Planning to the Betterment of Human Life," National Planning Association Bulletin, Special Report No. 37 (Washington: National Planning Association, 1953), pp. 13-20.

As Commissioner of the High Authority, Monnet was an impelling force in the drive for European unity. In the hope of providing for the free movement of coal and steel throughout the Community over a five year period, Monnet worked feverishly during his working day, which spanned many hours. In an attempt to reduce the monopolistic cartels which dominated the business communities of the six member nations, Monnet constantly prodded and encouraged his aides.³⁰

When the European Coal and Steel Community had been organized on a fairly sound financial basis, Monnet was invited to the United States to negotiate a loan, which was intended to fortify the unification idea and to make the coal and steel pool a leading monetary institution of Europe. It was hoped that Europeans would be encouraged to invest their hidden capital, which had been estimated at several billion dollars.³¹

The work of Monnet in the European Coal and Steel Community was furthered by the excellent advisors who served with him on the High Authority. Included within this group were men with varied occupational backgrounds: Franz Etzell, lawyer; Albert Coppe, economics professor; Dirk Spierenburg,

³⁰"Monnet, Europe's No. 1 Man of Ideas and Hope," Newsweek, XLI (February 16, 1953), 42-43.

³¹News item in the New York Times, April 4, 1954.

Dutch economic minister; Albert Wehrer, Luxembourg statesman; Enzo Giachero, Italian political leader; Leon Daum, French engineer; Heinz Potthoff, German industrialist; and Paul Finet, Belgian labor leader. The diverse backgrounds of these men contributed both to the efficiency of the executive organ and to its success.³² This body, composed of men with economic backgrounds, was more apt to deal effectively with problems of manufacturing, consumption, and exchange than were politicians, who often stalemated a question because of nationalistic interests.

The powers given to the High Authority, as expressed in the European Coal and Steel Community Treaty, gave to Monnet and his successors a feeling of being beyond the limits of national governments. The decrees involving tariff levies, price levels, and other treaty provisions are handled by the High Authority and not by the governments of member states.

Although the High Authority had this supranational appearance, its power still was of a limited nature. The European Coal and Steel Treaty required the decisions of the High Authority to be obligatory on member states. Article Fifteen of the treaty states the following:

Decisions and recommendations [of the High Authority] when they are individual in character, shall be binding

³²Diebold, op. cit., pp. 110-12.

on the interested party upon notification.

In other cases, they shall take effect automatically upon publication.³³

While the decisions were binding according to the treaty, the effectiveness of the High Authority decisions rested with the member governments. It was they who had to enforce these decrees. While the High Authority could levy fines on member states for not adhering to decisions, at that point their enforcement power stopped.³⁴ Therefore, the type of control exercised by the High Authority was limited, but at the same time supranational. Monnet apparently felt that this limited control was the proper way of proceeding with his step-by-step plan for European unity.

The High Authority was also limited by other organs of the Community, whose actions acted as a brake upon its activities. For example, the Council of Ministers was to co-ordinate policies between the High Authority and the signatory government; the Assembly of the European Coal and Steel Community was empowered to discuss the annual report of the High Authority and to remove the entire executive body by disapprobation; the Court of Justice was given the

³³Robertson, op. cit., p. 107.

³⁴Ibid., pp. 107-08.

right to recommend and to nullify Authority actions.³⁵

Jean Monnet welcomed the co-operation between the Authority and the Assembly. In the Assembly support Monnet saw the opportunity to build European unity by influencing the lawmakers, who in turn could influence their own governments.

The success of the European Coal and Steel Community is shown by its ten year growth from 1952-1962, as illustrated by the following facts:

1. Steel production rose by approximately forty million metric tons between 1953 and 1961.
2. Coal and steel investments totaled over three hundred eleven million dollars.
3. The labor movement was assisted and charged with spending approximately fifty million dollars, a great increase over spending figures for 1952.³⁶

Schmitt pointed out that while all this economic growth was not due solely to the European Coal and Steel Community, it was difficult to measure just what percentage was due to the coal and steel union. Schmitt further stressed the point that while many economists would not give the Community credit for the prosperity of the 1950's, neither would they blame the depression of 1957 upon this

³⁵Diebold, op. cit., pp. 598-604.

³⁶European Community at a Glance (Washington: European Community Information Service, 1962), p. 2.

union.³⁷

Despite the early success of the European Coal and Steel Community, Monnet felt that the goal of a united Europe would not be enhanced by the limits placed upon the High Authority. There seemed to be a need for an organization to continue beyond the promotion of coal and steel and to supplement European unity.

The world situation in early 1950 paved the way for the proposal for a new regional organization. The Soviet military build-up, the heightening of the Cold War, and the Korean crisis caused Europeans to lay emphasis upon defense. This led to the Churchill-Reynaud proposal for a European army. While the Six had difficulty pooling coal and steel, the task of combining the military, breaking language barriers, and suppressing nationalistic tendencies was to be more onerous.³⁸

Monnet believed that the Schuman Plan, which he had devised, was the initial step in building a federated Europe and that a defense community could be the second step. He believed that from industry and defense the transition would proceed to the pooling of economic and foreign policies, a situation which could be regarded as a third step. It must

³⁷Schmitt, op. cit., pp. 170-72.

³⁸Robertson, op. cit., p. 19.

be kept in mind that Monnet did not intend that a third force be established to offset Russo-American power. The objective was to strengthen and to make prosperous a Europe which had been lagging in a technical and industrial manner for over thirty years.³⁹ These unions would in time create a community of interests, and not just a buffer between the Soviet Union and the United States.⁴⁰

On May 27, 1952, the treaty creating the European Defense Community was signed by the foreign ministers of the six nations within the European Coal and Steel Community. The agreement called for the pooling of the armed might of the Six under the direction of a common authority, the Board of Commissioners. During negotiations for the Defense Community, leading Europeans Adenauer, De Gasperi, Schuman, and Van Zeeland pointed to the future value of this organization in a federated Europe. In the Defense Community treaty provisions, it was also stated that the European Coal and Steel Community Assembly should be the law organ of the European Defense Community. It further provided that the Assembly should study all existing regional organs and should think in terms of setting up a permanent

³⁹"Farewell to the Past," Newsweek, XLI (February 16, 1953), 44-45.

⁴⁰"Coal, Steel, and the Monnet Spark Plug," Newsweek, XXXV (June 19, 1950), 31-32.

parliamentary body embodying separation of powers and a two-house representative system.⁴¹ This defense community, which ultimately was rejected, never received support from the Gaullist faction of the French Parliament. In 1953 Charles de Gaulle declared his opposition to the European Defense Community, while still desiring some confederation.⁴²

While the defense proposal hung in the balance, the European Coal and Steel Community Treaty was ratified. When the Coal and Steel Community meetings convened in 1953, the Council of Ministers assigned to the Assembly the task of studying the defense recommendation. The Assembly consulted the member nations of the coal and steel pool and extended an invitation to the other members of the Council of Europe, an organization which had been founded in 1949 to discuss plans for European unity. The Assembly then took the name of "Ad Hoc Assembly." The Ad Hoc Assembly began the job of studying the European Defense Community proposal. This Assembly probed the existing European organizations and, in compliance with the wishes of the Six, came forth with the idea of an all-inclusive organization called the European Community. This organ was intended to embrace not only

⁴¹Robertson, op. cit., p. 20.

⁴²Richard Mayne, The Community of Europe (New York: W. W. Norton and Company, 1963), p. 104.

industry and defense, but also foreign policy and commercial affairs.⁴³

The noteworthy work of the Ad Hoc Assembly gave the impression that European unity was now beginning to take shape. The hopes of Jean Monnet and other Europeans, however, were to be short-lived.

The years 1953 and 1954 provided dramatic changes in the world. The end of the Korean War, the progressive advance of the North Atlantic Treaty Organization, France's pulling out of the Indo-China War, the assumption that the cold war was easing, and a new French government under Mendes-France--all spelled doom for the European Defense Community.

The task facing Mendes-France in 1954 was to revitalize French economy and to rearm France. He proposed that production be increased and that investments and consumption be reduced. Production could not be increased because of the lack of raw materials; investments were already insufficient; and reducing consumption might result in lower standards of living. It was evident that Mendes-France was attempting to accomplish too much. The situation within France during the first four years of the fifties made Mendes-France rather cool therefore to a

⁴³Robertson, op. cit., pp. 21-22.

European Defense Community.⁴⁴

All these events caused many in the West to place less emphasis on defense. And since the French Assembly rejected the Defense Community Treaty in 1954, the European unity movement suffered another setback.⁴⁵

Jean Monnet, discouraged by the failure of the Defense Community and the inability of the European Coal and Steel Community to move more rapidly toward European unity, announced his resignation in November of 1954. This announcement was also brought on by the friction between Mendes-France and Monnet. The Mendes-France government was engrossed with the idea of signing agreements with other nations, but never co-operating to the extent of giving up the sovereignty of France. In addition, Mendes-France, in another rebuff to Monnet, had earlier proposed that the members of the High Authority be forbidden to take jobs under a defense community setup.⁴⁶

The movement for a coal and steel pool also seemed to be halted. "The Coal-Steel Community," wrote Le Monde of Paris, "is the foundation stone of a building that no one is

⁴⁴Dorothy Pickles, French Politics (London: Oxford University Press, 1953), p. 145.

⁴⁵"Exit the Supranationalist," Time, LXIV (November 22, 1954), 22-23.

⁴⁶Ibid.

any longer in any hurry to put up."⁴⁷

The status of Monnet as head of the coal and steel pool hinged on the French government's reaction to the Benelux proposal, which was contained in a letter from Monnet to French Premier Faure. This letter proposed the establishment of larger trading areas for the Six and the consolidation of economies over an extended period of time. Monnet said that the acceptance of this proposal would cause him to consider remaining in the High Authority position.⁴⁸ Monnet was rejected by the French Cabinet, and this rejection led most Europeans to think that the French government had also rejected the Benelux proposal. The rejection of Monnet represented a victory for pragmatists like Mendes-France and George Bidault, whose views regarding France's role in Europe conflicted with those of Monnet.⁴⁹

The office of Commissioner of the High Authority was the only official post of a supranational nature held by this man known as "Mr. Europe."

The failure of the European Defense Treaty to be ratified still left unanswered the questions of defense and rearmament of West Germany. These questions were placed

⁴⁷Ibid., p. 22.

⁴⁸News item in the New York Times, May 25, 1955.

⁴⁹News item in the New York Times, May 26, 1955.

before the nine governments who participated in the London Conference in the fall of 1954. These discussions led to the adoption of proposals for the Western European Union. These agreements for the Western European Union were an expansion of the Brussels Treaty Organization. These formal agreements added to the Brussels Treaty Organization gave the Western European Union both political and military functions. Included in the agreements were the following:

1. The fostering of greater co-operation between the signatories in an effort to bring about European integration.
2. The establishment of closer ties with the North Atlantic Treaty Organization.
3. The placing of restrictions upon armed forces.
4. The setting up of agencies to determine armaments.
5. The resolving of the Franco-German question regarding the Saar by a referendum.

These agreements were ratified in May, 1955, and the Western European Union became a reality.⁵⁰

One can conclude from the above objectives that member governments desired inter-governmental co-operation, but were still not content to give up their sovereign rights. It was because of member states' reluctance to place power in the hands of a common authority that Jean Monnet thought that the Brussels Treaty Protocols were not adequate in creating a European union. He felt that the European Defense Treaty could have led to greater

⁵⁰Robertson, op. cit., pp. 127-34.

achievements.⁵¹

One of the outstanding traits of Jean Monnet is that he has tremendous will. He recovers from defeat because he knows that defeat must come to everyone at some time and because of this he accepts failures. Although rebuffed by the French Cabinet during the reign of Mendes-France, he continually sought ways to advance his idea for European unity.

Often referred to as a technocrat, Monnet began in the spring of 1955 to formulate plans for furthering European unity. Public opinion has often been a factor in determining the course history will follow. He believed that he could best further his goal by influencing public opinion as a private citizen.

While the ideas for a federated Europe were troubling Monnet, the ministers of the six Coal and Steel Community nations met at Messina, Sicily, on June 1, 1955, in an attempt to rekindle the integration idea that was first set forth in the Schuman Plan of 1950.⁵² The Messina Conference raised an air of expectancy in the Monnet camp. The major topic on the conference agenda was the Benelux proposal

⁵¹"Farewell, Jean Monnet," Newsweek, XLV (February 21, 1955), 46.

⁵²The European Community, 1950-1960 (London: European Community Press and Information Service, 1961), p. 10.

calling for a common currency, the pooling of nuclear strength, and a standard social policy. The hopes of Monnet rose to such an extent that he considered the possibility of returning to the High Authority post. The French government again rebuffed Monnet by nominating Rene Mayer to the High Authority post.⁵³

Monnet, in commenting on the work of the Messina Conference, agreed that the countries had made some advancement toward European unity by discussing the pooling of transportation, gas and electrical resources, and atomic energy. Also notable was the conference proposal concerning possibilities of establishing a customs union and a common social policy. Monnet insisted that the member governments had lost valuable time when they failed to commit themselves to a common institution. He believed the problems tackled at the Messina Conference were insoluble for any one government, but that advantageous solutions could be obtained by assigning power to a central authority. Monnet decried the presence of the unanimity rule which gave veto power to the member governments.⁵⁴

Since 1955 Monnet has campaigned for a federated Europe through an organization known as the Action Committee

⁵³"Rebuff for an Ideal," Newsweek, XLV (June 13, 1955), 37-38.

⁵⁴News item in the New York Times, June 16, 1955.

for a United States of Europe. The Action Committee, headed by Monnet, began to appeal directly to the European people, who in turn might influence their political peers.

The first move of the Action Committee was to recommend the pooling of nuclear energy for peaceful uses. Monnet and his group vigorously enlisted the support of major political groups in France and West Germany in setting up the plan for a central agency charged with governing atomic energy. Monnet urged the West to consolidate their policies rather than to continue endless negotiations with the Soviet Union.⁵⁵

The contribution of Monnet in fostering unification projects is noteworthy. The practice of being in important places and the ability to influence noted figures stamps Monnet as a true supranationalist. Since 1920 Monnet has served as financial advisor in aiding Poland, Rumania, and Sweden; held the position of arms commissioner for the Allies during World War II; and proposed the Franco-British union in 1940. Jean Monnet fostered the Schuman Plan, served as Commissioner of the High Authority, and supported the Messina proposals which culminated in the European Economic Community. The ability of Monnet to influence figures such as Konrad Adenauer, Alcide de Gasperi, John

⁵⁵News item in the New York Times, October 14, 1955.

Foster Dulles, Dwight D. Eisenhower, and many others earns him a type of respect commanded by few private citizens in the world.

The efforts of Monnet have not gone unrecognized. He has received honorary degrees from Columbia University, Glasgow, and Cambridge.⁵⁶

Although Monnet has never held an elective office, since 1955 he has used his influence to foster European unification measures. The Action Committee for the United States of Europe, which he heads, issues periodical declarations which urge action on the part of Community members. Some of these declarations have included the following proposals:

1. Development of a common energy policy.
2. Central headquarters for the Coal and Steel Community, Euratom, and the Common Market.
3. Adoption of a common financial policy.
4. Adoption of a single European economic executive.
5. Election of a European Assembly by universal suffrage.
6. Admittance of Great Britain to the European Economic Community.
7. More rapid unification of Europe and the establishment of an equal partnership between the United States and Europe.⁵⁷

The work of Monnet as head of the Action Committee

⁵⁶International Who's Who, 1962-63 (London: Europa Publications Ltd., 1962), p. 688.

⁵⁷Action Committee Declarations (Paris: Action Committee, 1956-64).

and throughout his life have caused many to agree with the statement that "Monnet is at once the indispensable and the intolerable ingredient of Europe's future."⁵⁸

⁵⁸ Edmund Taylor, "Jean Monnet and the Future of Europe," Reporter, XII (May 5, 1955), 22.

CHAPTER III

THE COMMON MARKET--A STEP TOWARD A UNITED EUROPE

The creation of European institutions between 1947 and 1960 has caused many Europeans, particularly Jean Monnet, to feel that the goal of a United Europe can be realized. Now that the Common Market, or the European Economic Community as it is officially called, has become the determinant of the trade policies of the world's second largest producing area, it is having a profound effect upon the foreign policies of nations all over the world. It becomes increasingly important to understand how the Common Market began, what it is, and what its implications for the future are.

I. FUNCTION AND IMPLICATIONS

It is difficult to separate economics from politics. Jean Monnet felt that political unity would subsequently evolve from economic unity. Economic unions have led to political moves in the past. The nineteenth century Zollverein was an example. This union of German states, originated by Prussia, came into being in 1833. During its reign it included the majority of the German states. Its purpose was to establish a free trade area to encourage the growth of industry and commerce.

The Zollverein was strengthened to the extent that it

involved many political decisions, and in this way it helped to prepare the Germanies for eventual unification in 1871.¹

The Zollverein was noteworthy because it showed the value of a larger market, which in turn created huge consumer demands and production increases. From a political viewpoint the Zollverein showed the disadvantage of the confederate nature of the union. When vital decisions had to be made, a unanimous decision was required. This flaw pointed to the need for a central authority in a true union.²

There have been many endeavors during the course of history to force some sort of unity upon the peoples of Europe. Roman legions, Napoleonic armies, the Holy and Quadruple Alliances, and the power of Adolf Hitler's Germany have failed to accomplish any union by conquest. But ideas have greater strength than force. "No army," wrote Victor Hugo, "can withstand the strength of an idea whose time has come."³

The aftermath of World War II left Europe in political and economic ruin. There was an urgent need to develop closer ties among Europeans. The apparent solution seemed

¹Louis L. Snyder (ed.), Documents of German History (New Brunswick: Rutgers University Press, 1958), pp. 162-63.

²Jean Francois Deniau, The Common Market (New York: Frederick A. Praeger, 1960), p. 23.

³Richard J. Whalen, "The Power of an Idea," Wall Street Journal (December, 1961), p. 16.

to be in approaching those nations which had similar cultural and geographical backgrounds. As stated previously, this course followed an economic path. The formation of the Benelux union in the 1940's met with considerable success, although there was not a complete co-ordination of policies among the three nations involved. In 1949 France and Italy unsuccessfully tried to establish a customs union which would eventually include the Benelux countries. This experiment failed because of potential possibilities offered by the Marshall Plan.⁴

The Marshall Plan emerged from a commencement speech given at Harvard in 1947. This self-help plan advocated by the United States Secretary of State was the major factor in reconstructing Europe after World War II. The recovery program poured approximately twelve billion dollars' worth of food supplies and farm and industrial equipment into Europe between 1948 and 1952. The European organization designated to administer the program was the Organization for European Economic Co-operation.

The eighteen-nation Organization for European Economic Co-operation compiled extensive reports on the concerned nations' need for industrial equipment, transportation problems, and iron and coal resources. These needs were submitted

⁴Deniau, op. cit., pp. 26-28.

to Washington, and Marshall Plan funds were applied. The Organization for European Economic Co-operation, along with its specialized agency, the European Payments Union, was absorbed in 1960 by the Organization for Economic Co-operation and Development, which reached across the Atlantic to include the United States and Canada within its scope. The task of this organization was to stimulate Western commercial activities and to foster the growth of underdeveloped regions of the earth.⁵

The various European institutions formed in the 1940's, such as the Brussels Treaty Organization, the Organization for European Economic Co-operation, the North Atlantic Treaty Organization, and the Council of Europe, represented notable progress toward the Monnet goal of a federated Europe. But these institutions lacked "European" status. The organizations of the 1950's held brighter hopes for the supranationalists.

On April 18, 1951, the seemingly impossible took place. Six nations of Europe, a continent where the feeling of nationalism has always been of tremendous importance, signed a treaty creating an organization to which they agreed to surrender some of their sovereignty in certain matters involving coal, iron, and steel--the life-line of an industrial nation.

⁵"The Atlantic Community--A Force for Peace," The Bulletin of the National Association of Secondary-School Principals, XLVII (January, 1963), 52.

Furthermore, two of these countries voluntarily agreeing to mutual co-operation and aid were France and West Germany, traditional enemies for many years.

The European Coal and Steel Community, which later led to the more inclusive Common Market, had its beginning in the mind and efforts of Jean Monnet, a brilliant French economist who by the age of thirty-one had already earned a fortune and had turned to national affairs to engage his vigorous intellect. Many of the ideas leading toward economic unification can be attributed to this man. The chief interest of Monnet, now in his middle seventies, is eventual unification of Europe; and to this end his efforts are constantly directed.⁶

The Coal and Steel Community, although moderately successful, was not entirely adequate on a political plane. Jean Monnet felt that the creation of new institutions would be necessary if the failures of earlier organizations were to be amended. The failure to get a defense community functioning puzzled Monnet, but it stressed the need for nations to compromise and to conciliate.⁷

The search for an enlarged community began with negotiations in Messina, Sicily, in 1955; it was there that Paul-

⁶John Gunther, Inside Europe Today (New York: Harper and Brothers, 1961), pp. 271-72.

⁷Edmund Taylor, "Jean Monnet and the Future of Europe," The Reporter, XII (May 5, 1955), 21.

Henri Spaak was commissioned to investigate prospective ways to proceed toward the projected goal of European unity.⁸ The committee under Spaak worked into the spring of 1956, and the six foreign ministers who had attended the conference in Messina sanctioned the Spaak proposals at the Vienna meeting.

The draft presented by Spaak laid the basis for setting up a Common Market and an atomic agency. This report set forth in general terms the value of a fixed number of nations jointly committed to a doctrine of free trade and to the creation of common monetary, social, and economic policies. The above generalities were to be reached through periodic adjustments over a given number of years. The report also provided for administrative bodies to carry out the executive, legislative, and judicial functions of the expanded market.⁹

The conditions outlined in the Spaak Report were not entirely satisfactory to the member states. During 1955 and 1956 numerous discussions took place at Val Duchesse, a large estate located near Brussels, Belgium. It was here that many adjustments and concessions were made in the Spaak Report. The government of France especially was placated by yielding on points regarding overseas territories, labor policies, and

⁸Robert L. Heilbroner, Forging A United Europe (Public Affairs Pamphlet No. 308. New York: Public Affairs Committee, 1962), p. 16.

⁹Deniau, op. cit., pp. 52-54.

tariff revisions.¹⁰

In 1957 an historic event took place on Capitoline Hill in Rome. The foreign ministers of the six nations signed the treaties establishing two new organizations--the European Economic Community, or Common Market, and the European Atomic Energy Community, commonly called Euratom. European unification was now largely embodied in three separate, but closely related organizations.

The purpose of the European Economic Community was to stimulate industry, trade, and consequently the national income of its members. This goal set forth in the Rome Treaty was to be launched on January 1, 1958. Trade restrictions were to be abolished on a percentage basis, beginning with a ten per cent cut on basic duties by January 1, 1959; the formulation of a common policy on transportation and external tariffs was to commence by January 1, 1962; and by January 1, 1970, the co-ordination of common social, monetary, and fiscal policies was to ensure the operation of a full economic community.¹¹

The Treaty of Rome, embracing France, West Germany, Italy, Belgium, Luxembourg, and the Netherlands, also pro-

¹⁰ Deniau, op. cit., p. 55.

¹¹ Marc Kohler, The Common Market and Investments (New York: Vantage Press, 1960), pp. 37-38.

vided for the free movement of workers and capital and the right to establish agencies or firms within the territory of any member state. The treaty further provided for common policies regarding agriculture, transportation, business, and also fiscal and social planning. The European Economic Community therefore goes beyond the establishment of a customs union; it envisages not only full economic union, but an eventual political federation.¹²

This abolition of restrictions upon labor, capital, and other resources was a salient characteristic of the European Economic Community. These reductions would subsequently aid in the attainment of a higher standard of living and greater business opportunities.

The early success of the Community did much to dispel the fears of the most ardent critics of the Common Market. Some of the major gains attributed to the Market's influence are illustrated by the following facts:

By the end of 1961 internal trade had increased by 73 per cent, the Community's gross national product by 25 per cent. All quantitative restrictions on intracommunity industrial products had been eliminated, nine years ahead of schedule.¹³

¹²Leonard Weiss, The Common Market and United States Agriculture, United States Department of State, Bulletin 337 (Washington: Department of State, 1962), pp. 1-2.

¹³Staff Study Prepared for the Use of the Senate Committee on Foreign Relations, Problems and Trends in Atlantic Partnership I, Document No. 132 (Washington: Government Printing Office, 1962), p. 2.

The mere creation of a free trade area does not insure success. The credit for the expansion and continuance of this political-economic movement belongs to the people of the member countries. It is the belief of people in themselves and in these common institutions which will bring success not only to the Common Market, but to the goal of peace and European unity. Jean Monnet believes that change is inevitable. He contends that people must be persuaded to scale new heights. Upon reaching these greater heights, they see the benefits from a new vantage point. When people become aware of an advantageous change, they will contribute to and speed the change itself.¹⁴

The European Economic Community, although encircled by economic lines, has political traits also, as evidenced by its administrative structure. The Community is served by a Council of Ministers, the Commission, a Parliamentary Assembly, and a Court of Justice. Each of the above acts within the limits set by the Treaty of Rome. In addition to the four major organs, the treaty also provides for an Economic and Social Committee, the European Social Fund, the European Investment Bank, and the Development Fund for Overseas Countries and Territories. These have been listed

¹⁴Jean Monnet, "Address by M. Jean Monnet Accepting the Freedom Award" (paper read in acceptance of award by Freedom House, New York, January 23, 1963), p. 5.

as the major components of the Common Market.

The executive function of the European Economic Community is shared by the Commission and the Council of Ministers. The Commission is a nine-member body chosen by the nations belonging to the Community. The structure prohibits more than two members from any one state. The Commission, with its headquarters in Brussels, formulates policy, which is subject to approval by the Council. The Commission's powers of recommendation, seemingly impotent, are in fact effective. This situation is explained by the fact that the Commission acts independently and its recommendations can only be altered by the unanimous vote of the Council. Other duties of this recommending body include many questions regarding agriculture, transportation, and overseas dependencies. The Commission, with a force of almost two thousand employees, operates in close co-operation with the executive agencies of the other European communities.¹⁵

The Council of Ministers, the other half of the executive organ, is the ultimate decision-making body of the European Economic Community. The Council makes decisions after recommendations have been sent forth by the Commission.

¹⁵Emile Benoit, Europe at Sixes and Sevens (New York: Columbia University Press, 1961), pp. 11-12.

Each of the six countries must delegate one Minister from its government to act as its representative on the Council; the office of President is then rotated from one to the other on a semi-annual basis.¹⁶

The major decisions of the Council must be unanimous, but as the customs union nears completion, a qualified majority will be the rule. The votes are assigned as follows: France, Italy, and Germany have four each; Belgium and the Netherlands, two; and Luxembourg, one. These votes are highly important to the smaller countries. When the Council decides matters on its own, the smaller countries cannot be overridden, because in deciding policy the voices of four states must be heard. However, in ruling on questions proposed by the Commission, any twelve of the seventeen votes are sufficient. This means that in such matters the small states can be overridden by the larger states. The powers granted to the Commission by the treaty gave this body a prominent role in the Common Market, because it has the prime responsibility for co-ordinating economic policy between national governments and the Community members.¹⁷

The Assembly, which convenes annually in Strasbourg,

¹⁶A. H. Robertson, European Institutions (New York: Frederick A. Praeger, 1959), pp. 159-60.

¹⁷Ibid.

France, consists of one hundred forty-two members chosen by the lawmaking bodies of the Community nations. The Rome Treaty specifically stated that means must be worked out whereby members would be elected on a more democratic basis. The Action Committee for a United States of Europe, headed by Jean Monnet, supported the idea of direct election of the Assembly and even projected ideas of assigning to the Assembly power which would give it "European" status.¹⁸

The chief tasks of the Assembly are to review the annual report of the Commission and to question the same body either orally or in writing. The Assembly also has the unique power to require the resignation of the Commission by adopting a two-thirds vote of censure. One example of Assembly activity was the demand for a Commission report regarding the failure of the British to gain admittance into the European Economic Community.¹⁹

The last major organ of the Common Market is the Court of Justice. The seven-member body possesses both original and appellate jurisdiction. As an interpretative body it hears individual cases and also disputes between organs of the Community. The highest tribunal, staffed by

¹⁸Benoit, op. cit., p. 15.

¹⁹News item in the Washington Post, March 6, 1963.

competent legal personnel, is not limited to judging any given area. As the Community enlarges its scope, the Court's major jurisdiction will undoubtedly cover the laws regarding buying and selling.²⁰ The Court also serves the Coal and Steel Community and Euratom.

A minor organ of note in the European Economic Community is the Economic and Social Committee. Composed of a cross-section of occupational interests, this group has no real power except as a consultative body. The Commission and Council refer matters of an economic nature to this committee when it is deemed advisable. While lacking real power, this body does perform the function of giving some responsibility to merchants, truckers, employers, farmers, and tradesmen.

The financial obligations of the Community are handled by three distinct institutions. These bodies are the Investment Bank, the European Social Fund, and the Development Fund for Overseas Countries and Territories.

The European Social Fund, administered by the Commission, aims to expand employment opportunities. It has partial responsibility for financially assisting those workers who become unemployed because of technological progress in member states. Deniau pointed out the partial

²⁰Benoit, op. cit., p. 14.

responsibility of the Social Fund by stating that contributions are given only to workers who are in an adjustment stage of re-employment.²¹

The European Investment Bank is committed to a capital of a thousand million dollars. This institution can extend loans to finance projects in underdeveloped countries, to reconvert industries, and to assist member states in advancing projects which are of mutual interest. While the Investment Bank is more important than the Social Fund, its role is to guide rather than to assume financial control for the European Economic Community. The Investment Bank can also borrow money outside the member states.²²

The Development Fund for Overseas Countries and Territories was established for five years. The money from this Development Fund was used to finance public welfare projects connected with the larger projects. The contributions by the member states of the Common Market were made annually on a rising percentage basis. The total fund reached approximately 580 billion dollars by 1961.²³

The background and basic structure of the European Economic Community have been briefly treated. What does the

²¹Deniau, op. cit., p. 88.

²²Ibid., pp. 92-93.

²³Robertson, op. cit., pp. 172-73.

future hold?

II. THE COMMON MARKET AND THE FUTURE

Soon after the formation of the Common Market the rest of Europe and indeed of the world began to appreciate its implications. The Common Market represents approximately one hundred seventy million consumers, a free trade area almost as large as that of the United States, and is one of the greatest industrial areas in the world. Of chief concern to those nations outside the organization was the uniform external tariff erected to protect the Six against outside competition; with goods moving freely under a low tariff and eventually no tariff at all within the Six and with a common protective barrier against outside goods, producers in non-member nations were at a decided disadvantage--almost shut out of an area with a greater buying power than that of most other areas of the world.²⁴

In May, 1960, in order to obtain a stronger bargaining position, other European nations, led by Great Britain, organized the European Free Trade Association, or Outer Seven. It was originally composed of Britain, Sweden, Norway, Denmark, Austria, Switzerland, and Portugal; Finland

²⁴Oscar Schisgall, "The Common Market: New Giant of an Old Continent," Reader's Digest, LXXIX (July, 1961), 148-49.

was added in March of 1961. This group also plans to abolish all internal tariffs among members within about ten years; but, unlike the Common Market, it did not regulate external trade policies. The Inner Six are more heavily populated and more completely industrialized than the Outer Seven. The growth of the two will prove this. Within the Free Trade Association there is much less inclination for political unity and less centralization geographically. Many Europeans believe that eventually the members of the Outer Seven will seek membership in the Common Market; such action would, of course, result in a merging of the two groups--a situation considered by many to be Europe's greatest hope for success.²⁵

The specific long range goals and the rapid growth of the Common Market have induced many nations to seek either full or associate membership. Norway, Sweden, Denmark, Switzerland, and Austria have already declared their intentions. Greece became an associate member in 1961.²⁶

Associate membership has also been granted to former African colonies of European countries within the Common Market. The associate membership extends to these nations the full benefits of the low tariff rates within the Community; it also allows the associates to maintain their own

²⁵Gunther, op. cit., pp. 265-66.

²⁶Harry Hansen (ed.), World Almanac (New York: New York World Telegram and The Sun, 1962) p. 112.

tariffs in order to protect their infant industries.

The most dynamic bid for Common Market membership came from Britain. This was surprising mainly because of Britain's ties with the Commonwealth and difficulties with her own agricultural policy. For centuries Britain has been an insular nation, content to remain aloof from the continent. Great Britain co-operated with the Coal and Steel Community, as well as with the other European communities; but she never fully committed herself.

The progress of the European Economic Community received a setback when the French vetoed the British bid for membership in January, 1963. The West, particularly the United States, was shocked. Dr. Hallstein, president of the Commission, and Jean Monnet showed great concern.

In a speech given in New York City as he accepted the Freedom Award in January, 1963, Jean Monnet pointed to the urgent need for British membership in the Common Market. He recalled the leadership Britain has given to Europe for several centuries. He stressed the importance of England as a leader in movements toward peace and toward the establishment of a political union. The need for discarding national interests and forming strong bonds to preserve civilization highlighted the speech.²⁷

²⁷Monnet, op. cit., p. 2.

Within a week the De Gaulle veto had caused world-wide repercussions. Monnet attacked the veto as a danger to the future expansion of the European Community and a threat not only to Western unity, but also to the progress which the Franco-German forces had made since 1945.²⁸

The French ban on British entry, while welcomed in many Latin American and African nations, met stiff resistance in the other nations of the Common Market. Negotiations were postponed. The Common Market seemed to be at a standstill. However, this economic community had already passed its stage of trial. Its daily growth had advanced this organization to such an extent that it had become impossible to turn back.

Dr. Hallstein, in a speech at the annual Dean's Day at Columbia University, pointed with optimism to the fact that the many months of discussion over British entry had not been fruitless. Failures would come, but the strength of the European Economic Community would endure.²⁹

In the event of political unity, what will then be the significance of this Common Market? Many people have

²⁸News item in the Washington Post, January 31, 1963.

²⁹Walter Hallstein, "The European Economic Community" (paper read at Columbia University, New York, March 2, 1963), pp. 2-3.

projected their ideas on this matter. It could become a force which might be used as a buffer between the Soviet Union and the United States; it could merge with other Western nations to form an Atlantic Community; or it could work in close co-operation with the United States in forming a partnership. Many Western leaders lean toward the latter idea.

Jean Monnet urged immediate United States-European co-operation. He implied that such a partnership was indispensable, as many common problems were insoluble for either area acting singly. The solutions to their problems could not be resolved overnight, but special committees could be established as needed.³⁰

Hallstein, in his speech at Columbia University in March, 1963, called for a partnership of equals. He termed the partnership as vital to the interests of both the United States and Western Europe. It was felt that through co-operation and through competition in trade the ideal of equality would be reached.³¹

The future of the European Economic Community has been jeopardized by the De Gaulle veto. However, the world

³⁰Action Committee for the United States of Europe, "Monnet Committee Urges Europe to Speed Unity Moves," Bulletin from the European Community (January, 1963), p. 8.

³¹Hallstein, op. cit., p. 19.

has a need for the Common Market. Nations of the world are surely becoming more and more interdependent. Already these particular areas are bound together by various defense organizations and treaties. Perhaps at some future date a federation will evolve. At the present time the federation idea is still in the embryonic stage.

The future prospects of the European Economic Community were probably best described by J. A. Livingston when he said, "No one knows what it is or will be, not even its own members."³²

However, as Jean Monnet has stated, the world needs common institutions to preserve its civilization. Monnet implied that institutions outlive men and that institutions, if well-constructed, accumulate and transmit wisdom from generation to generation.³³ The European Economic Community could be one of these institutions, a bastion in a United States of Europe.

³²J. A. Livingston, "How the Common Market Is Administered," the Washington Post, December 14, 1962, p. C15.

³³Jean Monnet, Les Etats-Unis D'Europe Ont Commence (Paris: Robert Laffont, 1955), p. 22.

CHAPTER IV

SIGNIFICANCE OF THE COMMON MARKET TO THE NON-EUROPEAN WORLD

The rapid growth of the Common Market has had a profound effect not only on the western European nations but on the non-European states as well. The leaders of the Free World and of the Communist bloc have shown a great deal of concern over the increasing growth of the Common Market as one of the major independent trading units in the world today. The writer shall attempt to summarize in a brief manner the political and economic impact which the European Economic Community has had on the major countries in the Free World and in the Communist-controlled regions as well.

I. IMPACT OF THE COMMON MARKET ON THE FREE WORLD

The United States, as a leader of the Free World, is inevitably concerned with Market activities. After the end of World War II, Western Europe, under the guidance of Jean Monnet, made vast economic gains with the aid of Marshall Plan funds. European recovery measures instituted under Marshall Plan assistance resulted in the development of institutions such as the European Coal and Steel Community, Euratom, and the Common Market.

The Common Market has expanded into a dynamic trading

unit. The six member nations in this community have changed from a situation of dependency upon the United States to a position of interdependence. The United States is faced with both opportunities and challenges as the Market continues to expand. The size of the western European market has enabled the people to raise their standard of living. Western Europeans are now demanding more goods and services. Therefore, this phase of the situation has increased opportunities for many American businessmen, particularly those in the export business. At the same time, challenges are encountered by such measures as the common external tariff and by the increased efficiency of European business methods.¹

American businessmen have partially met the challenge presented by the Common Market. American investments in western European business ventures from 1958 through 1961 totaled over three billion dollars. The money has been used to locate new plants and to make more efficient the factories which were already there.²

To offset the common external tariff of the Common

¹Leonard Weiss, "The Significance of the European Common Market," Department of State, Bulletin 539 (Washington: State Department Offices, 1962), p. 2.

²Norman H. Strouse, "Common Market: What It Offers," Printers Ink, CCLXXVII (December 15, 1961), 51-52.

Market, the United States needs to negotiate carefully with the Six in respect to tariff reductions. The key to a more favorable bargaining position for the United States may be found in the Trade Expansion Act of 1962. This act, with restrictions, permits the President to lower tariffs if other countries reciprocate. Under its provisions the President is empowered to reduce by fifty per cent tariffs on goods of which the United States and the Common Market jointly account for over eighty per cent of the Free World trade. Additional power given to the President also enables him to lower tariffs on tropical agricultural and forestry products by fifty per cent and to eliminate tariffs completely that were five per cent or less on July 1, 1962.³ This act gives the President broader bargaining power than earlier policies which only permitted item by item reductions by the Chief Executive.

The increasing power of the Common Market has both political and economic implications for the United States and her trading partners. Such nations as Japan and the Latin American republics have much at stake in negotiations between the United States and the European Economic Community. Japan is fearful of being isolated from the

³Mid-West Debate Bureau, World Economic Community (Normal, Illinois: Mid-West Debate Bureau, 1962), pp. 98-99.

European Community. If agreements between the United States and the Common Market should limit Japanese exports to the United States, Japan might be tempted to turn to Red China or the Soviet Union in her search for markets. There would then exist the possibility of the United States losing a valuable ally in the Far East.⁴ Japan is a highly industrialized nation today and one of the chief suppliers of products to the United States.

The Latin American states, bound to the United States by political and economic ties, also desire trade concessions from the Common Market. The Latins feel their tropical exports will suffer considerably if those African nations which are associate members of the European Economic Community enjoy preferential treatment.⁵

The case of Britain and the Common Market has led to a great deal of controversy throughout the world. For many years Britain showed little interest in joining the regional organizations of Europe. Since the advent of the Common Market, however, the attitude of the British has drastically changed. The success of the European Economic Community, the apparent failure of the European Free Trade Association

⁴Charles A. Cerami, Alliance Born of Danger (New York: Harcourt, Brace & World, Inc., 1963), pp. 64-65.

⁵"Notes of the Week," The Economist, CXCIV (June 18, 1960), 1221-22.

to cope with the Common Market, and the steady decline of the British export business have caused the United Kingdom to seek membership in the Common Market.⁶

The most pressing problems regarding the British entry center around agriculture and certain trade relationships which exist between Britain and the Commonwealth. The agricultural problem is largely a question of maintaining farm incomes. The British farmer is subsidized by the government, while on the continent the farmer must rely upon prices paid by the consumer for farm commodities.⁷

The Commonwealth ties pose another problem in Common Market negotiations. The Commonwealth nations now enjoy trade preference from Britain. Should Britain become a member of the European Economic Community, adjustments would have to be made in relation to the common external tariff and the Commonwealth. The problem of manufactured exports and industrial raw materials appears to be minor. It is the case of non-tropical foodstuffs produced by the Commonwealth that seems to present the most pressing dilemma. New Zealand, which exports approximately 60 per cent of all her goods to Britain, would face economic disaster. It would also be

⁶William Woodruff, "Britain and European Union," Current History, XLII (March, 1962), 137.

⁷Ibid., pp. 139-40.

necessary to provide arrangements establishing periods of adjustment for other nations of the British Commonwealth as well.⁸

Canadian commercial interests would also suffer if Britain enters the Common Market. Middleton revealed that "a quarter of Canada's exports go to the United Kingdom, and about 95 per cent of these enter the British market duty free. Only about 33 per cent would come in duty free under the Community's tariff."⁹

There are many problems facing Britain if she gains entry into the Common Market. However, if she remains outside, undoubtedly she faces additional decline in power. Entry into the Common Market should eventually bring to Britain greater economic and perhaps greater political stature. It is also obvious that Western Europe is not going far without Britain, whereas a Common Market including Britain would promote much greater hope for increased status and an equal partnership with the United States.

II. IMPACT OF THE COMMON MARKET ON THE COMMUNIST WORLD

Soviet policy since World War II has been aimed at

⁸Michael Shanks and John Lambert, The Common Market Today--and Tomorrow (New York: Frederick A. Praeger, 1962), pp. 191-94.

⁹Drew Middleton, The Supreme Choice (New York: Alfred A. Knopf, 1963), p. 138.

creating disunity in the Free World, particularly in Western Europe. The Union of Soviet Socialist Republics, fearful of western European economic growth, began a propaganda campaign shortly after 1947 in an effort to thwart Marshall Plan aid. The most persistent theme used by the Soviets was nationalism. This was obviously an attempt to keep Europe divided and to prevent economic recovery.¹⁰

The Communists countered the European Recovery Program with an organization known as COMECON, the Council for Mutual Economic Assistance. The Communist Market, formed in 1949 and comprising the Soviet Union, Poland, Czechoslovakia, Hungary, East Germany, Rumania, Bulgaria, and Outer Mongolia, did not make any notable headway in halting European recovery.¹¹

The establishment of the Common Market in 1957 was treated lightly by the Soviet press and the Soviet government. This attitude changed following the astounding success of the European Community. Repercussions were felt not only in Moscow but throughout the Soviet bloc of nations as well. Soviet reaction to the Common Market became pronounced in 1961 and 1962. COMECON renewed its efforts to

¹⁰Francis O. Wilcox and H. Field Haviland, Jr. (eds.), The Atlantic Community (New York: Frederick A. Praeger, 1963), p. 132.

¹¹Mid-West Debate Bureau, op. cit., p. 107.

seek trade agreements with nations in the European Economic Community. Khrushchev bitterly attacked the Common Market organization as a form of neo-colonialism.¹²

Additional Soviet propaganda has been aimed at increasing French suspicions of eventual British political control over the continent and of the emergence of West German military might. The newly independent nations of Africa have also been cautioned that the movement toward European unity is harmful to their own national development.¹³

Despite denunciations of the Common Market, the Soviet Union recognizes it as a powerful force standing in the way of its political and economic ambitions. The realignment of Soviet attitude is evidenced by its reorganization of the Communist Common Market and by continued Soviet efforts to gain footholds in Latin America.

The extent of the Common Market's future influence upon the non-European nations would be difficult to comprehend. It appears certain that the best hope for the West is a strong, united Europe in close partnership with the United States. In contrast to the Soviet Union and

¹²Wilcox and Haviland, op. cit., p. 133.

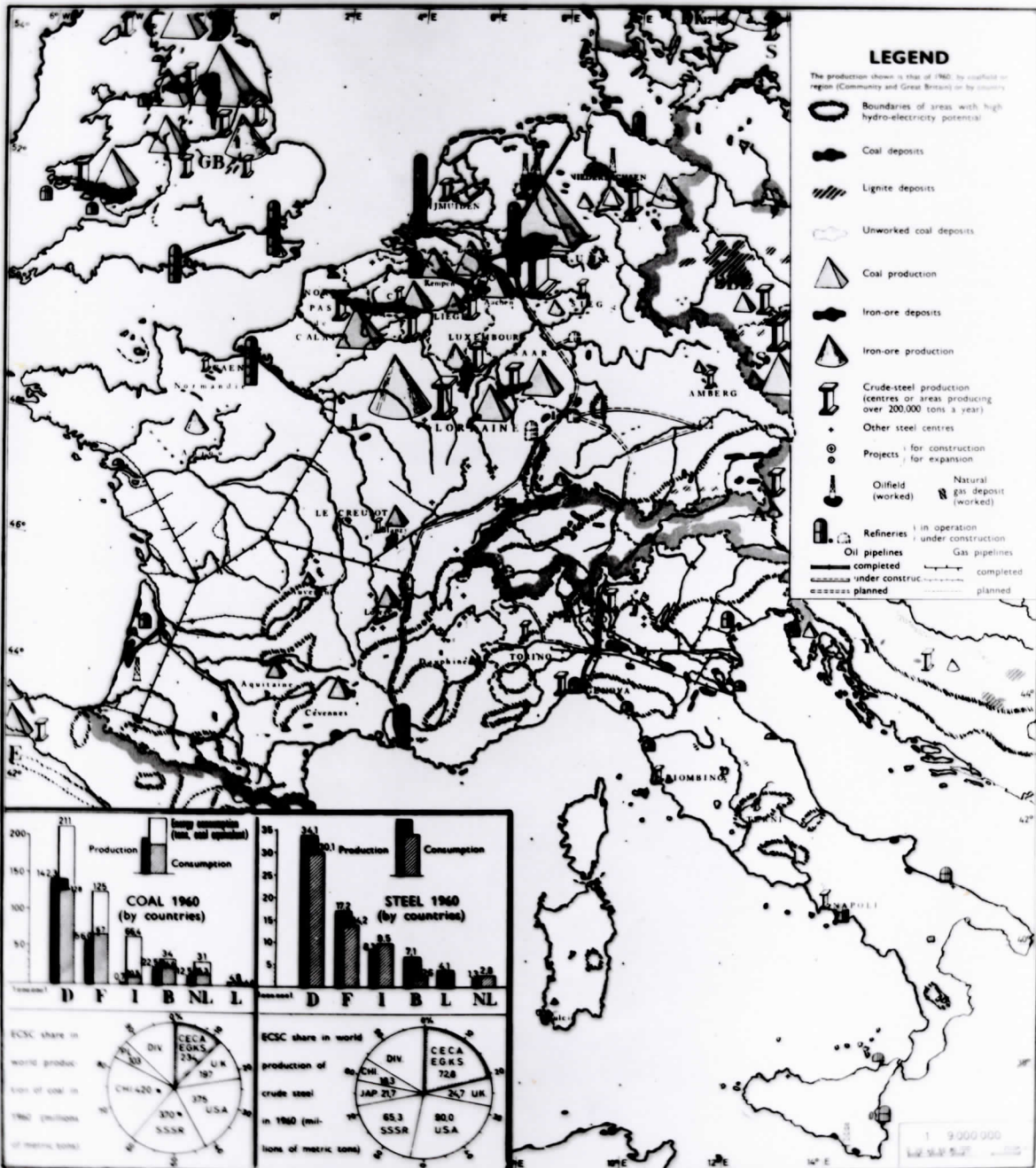
¹³J. Warren Nystrom and Peter Malof, The Common Market (New York: D. Van Nostrand Company, Inc., 1962), p. 127.

its Communist Common Market, the European Community uses its influence to promote independence and free choice. Perhaps, in time, Jean Monnet's dual goal of peace and European unity can become a reality.

5

The European Community

ENERGY AND STEEL



CHAPTER V

CONCLUSIONS

"Economic prosperity is the handmaiden of political liberty."¹

This idea, a salient part of President Kennedy's speech in Central America in March of 1963, is one which can also be applied to the work of Jean Monnet. Monsieur Monnet, known variously as "Mr. Europe," the architect of Europe, technocrat, the "little howitzer," and Eurocrat, believes that economic prosperity will eventually bring a federated Europe.

This man born in southwest France has worked on an international plane throughout his life. The story of Jean Monnet has followed a three-stage course: his efforts to help France win and recover from World War I, the financial ventures of the 1930's, and the political-economic nature of his work between the start of World War II and the present time.

The work of Monnet in the supply division of the French army in World War I provided him with a thorough knowledge of Anglo-American thinking. His work with the

¹Statement by John F. Kennedy on a National Broadcasting Company television broadcast, March 19, 1963.

Executive War Boards brought him into contact with many top level economists and statesmen, notably Dwight Morrow, famed United States ambassador to Mexico in the 1920's.

The family finances of the Monnet-owned cognac company were rejuvenated by Monnet in the 1920's; this responsibility led him on several financial excursions into Poland, Rumania, and China in the thirties.

The Second World War again brought to Monnet the job of vitalizing French rearmament. Thrust into contact with Anglo-American officials, Monnet spearheaded the drive for expanding Allied production. The fall of France in 1940 resulted in the proposal for a Franco-British union which never materialized. With the assistance of Winston Churchill, Monnet secured work with the British Supply Council and journeyed to America. It was through contacts in Washington, and especially with Franklin Roosevelt, that Monnet succeeded in pushing the Lend-Lease program. At this time Monnet coined the well-known phrase, "We [the United States] must become the great arsenal of democracy."²

In 1943 Monnet was in Algeria, where he worked tirelessly toward the rearmament of French forces in North Africa. This task led to Monnet's becoming an assistant to

²Anthony Sampson, "The New Europeans," The [London] Observer, December 2, 1962, pp. 21-22.

the Giraud government and subsequently to the merging of the De Gaulle-Giraud factions.

The post-war period found Monnet drawing up a plan for the recovery of French economy.

The rapid growth of the United States and Russia, plus the industrial potential of China and India, brought the realization that western European countries would be unable to retain their positions in the world unless technological advances could be made. The western European nations, acting singly, made negligible progress.

Through the Marshall Plan and its handmaiden, the Organization for European Economic Co-operation, European recovery made some headway.

The boldest move toward European unity came in the form of the Schuman proposal of 1951. This proposal, which provided for the European Coal and Steel Community, was formulated to a large degree by Jean Monnet. This plan involved the pooling of coal and steel resources for the benefit of six nations which were geographically centered. The surrendering of certain sovereign rights by France, West Germany, Italy, and the Benelux countries to common institutions was a startling advance.

The executive powers exercised by Jean Monnet as head of the High Authority added to the stature of this Eurocrat. Europe, for the first time, had supranational institutions

that were common to all member nations.

The pooling of coal and steel did not fulfill the hopes of Jean Monnet. The search began for more inclusive institutions with greater powers. The failure of the European Defense Community in 1954 did not thwart the statesmen in their quest for the larger community.

The years 1955 and 1956 witnessed the high-level talks which took place at Messina, Sicily, and at the Val Duchesse Mansion near Brussels, Belgium. It was at these meetings that the groundwork for the European Economic Community and Euratom was established.

It was also in 1955 that Jean Monnet left his post as chairman of the High Authority of the Coal and Steel Community. He felt that as a private citizen he could better serve the cause of European unity. Monnet established the Action Committee for the United States of Europe, which appealed directly to the people in an attempt to accomplish the objective. The Action Committee, operating from Paris, has been an influential force in shaping Community policies.

The European Economic Community was officially established by the Treaty of Rome in 1957. Its rapid growth has largely dispelled the fears of its critics. Not only has the Common Market become a prominent independent trading unit, but it has also given rise to certain political implications. The Free World and the Communist world have

both felt the impact of the Common Market. The effects of the Market upon the Free World cannot be fully measured because of the many applications for membership or associate membership. The Soviet Union realized the threat represented by the Market to her ambitions and is in the process of changing her policy.

The European Economic Community could become the pillar upon which peace might be built. It has possibilities of expanding from an economic union into a political one as well. It is upon such a possibility that the hopes of Jean Monnet are based.

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