

European Union – The Birth of an Idea

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The origins of the European integration movement can be traced back for at least 600 years, although its continuous history dates largely from the second half of the 19th century. However, the real run-up to the Council of Europe, the Organisation for Security and Cooperation in Europe, the European Union and others, although interrupted by World War Two, started after the end of the First World War in 1918 and reached a peak in 1930-31. It is noteworthy for the considerable influence exercised on it by the British Labour government of the day, and in particular by the UK Foreign Secretary, the Scot Arthur Henderson.

The movement for political integration in Europe is largely a Central European phenomenon. Understanding it demands a comprehensive knowledge of Central European history as well as an understanding of the Central European mind. Neither of these can be fully conveyed by this very condensed study, which has been compiled on the basis of exhaustive research through original material in the UK Foreign and Commonwealth Office as well as United Nations HQ Geneva and other British and continental sources. It does, however, demonstrate that the political integration of the continent was not a result of the Second World War, the effect of which was at most to accelerate the implementation of a concept that was already inherent in the continental European mind.

The now seriously dated European Idea is currently being overtaken and subsumed by the larger and more modern concept of Global Governance – but that is another story. Meantime, what is essential for an understanding of political Europe is knowledge of how it came about.

Europe in 1918 – Down and Out

The First World War had devastated Europe, politically and economically. The enormous difficulties of its situation included war debts and reparations, new political units trying to protect their economies with enormously high tariff barriers against imports, resentment by the defeated powers of their post-war losses under the peace treaties, the frantic attempts by France to obtain security against its German arch-enemy, the overshadowing of Europe by emerging great powers like Japan and the United States of America, the comparison of European poverty with unprecedented American prosperity, and not least the current US economic aggression – the short-sighted policy of forcing American exports while simultaneously maintaining high tariff barriers against the products of the rest of the world, which had already caused immense dislocation of international trade.

Under these circumstances, it is hardly surprising that the old idea of European union was given a new lease of life, especially from the autumn of 1923 onwards. Numerous organisations and publications were founded for this purpose, foremost among them being Count Richard Coudenhove-Kalergi's Pan-European Union, based in Vienna.

This movement was supported by only a handful of people in the United Kingdom, notably by a few right-wing Conservatives like Leo Amery and Winston Churchill, who regarded European union without the UK as a means to counteract the already threatening break-up of the British Empire. The Socialists, on the other hand, had already transferred their support to the new world organisation, the League of Nations, and regarded the European movement as a threat to their brave new world of universally enforced peace.

The Pan-European Idea Spreads

It was left to the French to adapt the European movement to their own ends. The French economic leaders like Louis Loucheur and Premier Eduard Herriot had advocated European economic cooperation since 1920 or thereabouts, but it was around 1925 that they recognised the possibilities inherent in political integration, especially after the spectacular success of Coudenhove-Kalergi's first Pan-European Congress in Vienna in 1926.

All previous attempts to obtain guarantees of France's military security had failed, and it seems that the French foreign minister, the eloquent Breton orator Aristide Briand, then awakened to the realisation that a European federal structure might prove an acceptable substitute.

Briand decided to jump onto the Pan-European bandwagon as a matter of policy, and set out to support Coudenhove-Kalergi's movement and propagate the idea of European federation as strongly as he could. In 1927 he even went so far as to accept the honorary presidency of the Pan-European Union – a personal luxury that could not be afforded by the foreign minister of a major power unless it was in line with the national policies that were his primary concern.

He is on record as having remarked enthusiastically to a journalist in 1928 that '*une confédération européenne serait le vrai moyen d'assurer la paix*', but there is little doubt that for the French "the maintenance of peace" meant the maintenance of the political status quo in Europe, and with it France's hegemony.

Briand informed Coudenhove-Kalergi in 1927 of his intention to bring forward official proposals to this end at the League of Nations, but procrastinated in this for two years in order to get the Kellogg Pact of Non-Aggression and especially the Young Plan for the regulation of the German reparations out of the way, so that the Germans would not be able to use them as bargaining material in the European business.

This remarkable change of emphasis must be seen in the light of traditional French foreign policy towards Europe, as expressed by the historian Albert Sorel in Vol. 1 of his most famous work, *L'Europe et la Révolution Française* (1898):

“[France] will find in the reasons that forbid aggrandisement to her the elements of a new power. Or, rather, she will continue to follow her tradition by adapting it to the necessity of the times. Abandoning from now on conquest, she will compel others to abandon it also. Her disinterestedness will be her greatness. Grouping around her the secondary States she protects, their interest will guarantee to her their alliance. And she will be the head of a defensive coalition strong enough to compel all ambition to recoil.

Thus surrounded, she will remain a Power of the first rank, and Europe will assist her to maintain herself in that position. She will be the arbitrator of peace, and it will be possible for her to maintain a balance of power that, whatever the part assigned to her therein, can only be modified to her disadvantage. Wisdom counsels this plan, justice maintains it, a real understanding of the situation necessitates it. By working for the general peace, France works for her own good and assures her supremacy.”

The centuries-old policy of surrounding France’s enemies with a ring of steel, which started with the Auld Alliance with Scotland against England, continued in the shape of treaties with the newly independent states of Poland and Czechoslovakia, strategically situated on Germany’s eastern frontier, as well as with several neighbours of Hungary. The policy was, however, clearly inadequate to protect France’s border in the west in the military sense, and could do nothing to secure France’s economic interests in the new age of drastically altered economic balance that had dawned. In their search for new forms of political and economic security, the idea of European integration – on France’s terms – seemed increasingly attractive.

The French take the Initiative

In July 1929, after months of diplomatic preparations, Briand finally set matters in motion with a piece of kite-flying in the form of an interview with the political correspondent of the Paris newspaper *l’Oeuvre*, in which he indicated his intention of bringing forward concrete proposals for a European union at the League of Nations General Assembly in September.

It is clear from his words as reported that his plan was to increase France’s military security against Germany, to forestall any union of Austria and Germany in order to deny the Germans the increase in military strength of another six millions of population, to regain some of the economic power that had been lost to America since the war, and to counter the current US economic aggression.

When the British authorities examined his statement, they seized on this last point to the exclusion of all others, which indicates how extremely delicate a subject UK-US trading relationships represented in London, and how dependent Britain was on the US market.

The Foreign Office refused to believe that Briand was serious, while the Board of Trade, in response to questions in Parliament, drew up a secret memorandum for the Cabinet giving dire warning of the dangers involved in European union for the Commonwealth and the trading system on which the entire UK foreign trade was based, and in particular about the economic disaster that would inevitably result from any disturbance of British trade with the United States.

As it happened, the Foreign Office totally misjudged the American attitude to European integration; far from opposing it, public and official opinion in the US was markedly in favour of this development, then as later.

Consequently, when Briand rose at Geneva to propose his scheme of European union, which he said should be an economic union in the first instance, Arthur Henderson remained tight-lipped and silent in his seat while others replied. Briand promised to circulate a memorandum on the subject to the European governments and obtain their views on the matter.

British Suspicion Fuels Hostility

Meanwhile, the UK Foreign Office, which despite the six years development of the European movement was still taken by surprise and completely baffled by the French move, set on foot a full-scale investigation and reappraisal of the French plans for organising Europe, using the Secret Service and the resources of the Paris, Rome and Berlin embassies.

A series of clandestine meetings between Lord Tyrrell, the British ambassador in Paris, and Daniel Serruys, one of the leading French statesmen, indicated that Briand was not even the author of his own plan, that he was being pushed from behind by powerful business interests who were determined on an economic organisation of Europe, with or without the UK, and against the United States. This was seen rather as a device to entice Britain into Europe to help the French to counterbalance Germany's economic power, but it was concluded that they were also out to use a federal system to provide themselves with military security against a combination of Germany and Italy.

It seems that the "political" lobby in the French Ministry for Foreign Affairs eventually gained the upper hand, for when their long and woolly memorandum (written by Briand's cabinet chief) appeared on 17 May 1930 it stated that political security had to take precedence over economic union. This was the exact opposite of what Briand had stated in Geneva, and the implications were not lost on the suspicious European governments.

The British government, anxious not to offend the United States, fearful of the possibly destructive effect of Briand's proposed European organisation on the Commonwealth, on the one hand, and on the League of Nations on the other, but equally constrained by the necessity of keeping the moderate Briand firmly in the saddle at the Quai d'Orsay, gave a soft answer, but persuaded Briand to put the matter on the League of Nations agenda in

September 1930. Henderson, the confirmed internationalist, who had lost his own son in the war, was determined that nothing was going to undermine the status of the League, or his prime interest in foreign affairs, disarmament.

The answer was to have the matter remitted to a Commission of Enquiry for European Union, where it would no doubt be quietly buried – a well-known tactic. To the chagrin of the French, Henderson carried the meeting with him on this.

The End of Free Trade

This European Commission (as it became known), formed of representatives of the then 27 European states, appointed Briand its chairman, and Sir Eric Drummond, Secretary-General of the League, as its secretary, in order to chain it more firmly to the global organisation as Henderson intended. After a political uproar over the admission of Turkey and the Soviet Union – both non-members of the League – it was obvious at its second session that Europe was divided into two economic camps: The Western industrialised countries, and the Eastern agricultural block.

The second group, with a very able and vociferous spokesman in M. Marinkovic of Yugoslavia, were determined to use the new organisation to correct the economic crisis in their own countries, specifically through the introduction of a system of European preferences for their huge unsold stocks of staple agricultural products.

This was naturally anathema to the “free trade” block headed by Britain, whose entire foreign trade, together with all of its 42 commercial treaties with other countries, was based on the “most-favoured nation” system.

Somewhere in between stood the French, whose “cartel” theories demanded international regulation of production and consumption in order to protect French industry and agriculture, and who would anyway have bent their own trading system backwards in order to maintain a political grip on Germany’s eastern neighbours.

The Germans, for their part, would have concluded a commercial treaty with the devil himself if thereby their economic needs and political grievances could have been settled.

The clash between the two European economic systems proved irreconcilable. The British economic “sacred cow” – the most-favoured-nation system – was concurrently filling the role of “bête noir” for most of the European states, which were determined to have the creature ritually slaughtered to feed the hungry.

After months of acrimonious debate in the European Commission, the Eastern states had their way, with French and German support and against bitter British and Commonwealth opposition, when a system of European preferential arrangements was introduced under League of Nations auspices – the first European common agricultural policy. The British diplomats retired to lick their wounds and continue the battle, but it was already lost. Free

trade was a thing of the past, as the UK coalition government under Ramsay MacDonald recognised with the institution of its Commonwealth Preference system in 1932.

Then Disaster Happened

In the middle of these negotiations the international economic and monetary system was breaking down, with dire political consequences. The Wall Street Crash of October 1929 occurred one month after Briand's "European" speech at Geneva, in the following year the depression spread to Europe, while by the summer of 1931 there were two and a half million unemployed in the UK, more than six million in Germany, and in Austria, cut off from its former markets in the now dissolved Austro-Hungarian empire, the poverty and misery were beyond description. Hitler's National Socialist German Workers' Party made a gigantic advance in the Reichstag election of September 1930, which the terrified French blamed on Briand's European policy.

In March 1931 further fuel was added to the flames when the now desperate Austrian and German governments drew up a plan to establish a customs union between their countries, which created the worst political crisis since 1918. Hard on this came the failure of the Austrian *Creditanstalt*, the first of a whole series of banking collapses throughout Europe. The danger of social disturbance and even civil war in Germany and elsewhere was now acute.

In the face of this mounting catalogue of disaster, the British Labour leadership experienced a profound conversion. Their European policy became reversed almost overnight, and Henderson, the confirmed "universalist", suddenly started talking in "European" terms.

By now convinced that action at European level was required to stave off impending international economic and political disaster, Henderson and his assistants, Hugh Dalton and Philip Noel-Baker, with the unanimous approval of the Cabinet, set out to make use of the hitherto despised European Commission, and to throw the full weight of British influence behind its work. The opportunity to do this occurred at its third plenary session, which opened in Geneva on 15 May 1931.

Henderson and Noel-Baker arrived at the large meeting with no fewer than seven senior civil servants in attendance – an indication of the importance they attached to it. The bristling atmosphere was now aggravated by the fact that Briand had been resoundingly defeated in the French presidential election two days before. Hitler's election success in Germany had damaged his reputation in France, but the news of the Austro-German customs union – to the French only the start of the feared *Anschluss* of the German-speaking peoples against France – finally killed his foreign policy in the eyes of his countrymen. Henderson supported his friend Briand to the best of his ability, but the French foreign minister's political days were now numbered.

Meantime, it was obvious that the crisis had shocked the governments of Europe into a hitherto undemonstrated attitude of cooperation. Even the new Turkish and Soviet delegations seemed anxious to help.

The principle of forming a European economic union was no longer in dispute; the only undecided issue was whether a start was to be made with an all-European organisation, as the French insisted, or with the Austro-German type of smaller regional unions that could later be expanded and combined.

Henderson, the pacifist, anxious to replace the politically explosive Austro-German project with one that would offer the same economic advantages, was instrumental in having a committee of economic experts appointed to consider the whole question, and pressed successfully for this committee to be given a free hand to approach the problem from any angle it considered appropriate. This step can be considered the beginning of the movement that culminated in the post-war treaties and the European Union.

European Integration Takes Shape

Henderson insisted that the ten members of this committee should be economists of international standing, who would be independent of their own governments, and that “they should approach their work, not so much from a departmental or even a national point of view, but rather from the point of view of Europe as a whole”, as he put it to his colleague William Graham, President of the Board of Trade.

His own nominee was Walter Layton, the Liberal editor of *The Economist* and internationally known economic expert, who had consistently supported the Briand scheme for European union since its inception.

One of the other members was Professor Eugene Preobrajensky of the Soviet Union, which raises some interesting questions regarding Soviet dictator Josef Stalin’s enthusiasm for European integration, but in fact Preobrajensky’s contribution was cooperative and non-ideological.

Layton was supposed to act independently, but it is evident that some authorities regarded him as being there primarily to safeguard British interests. The expression “brainwash” had not yet been added to the language, and so Layton was “acquainted with the views” of the various ministries, especially the Dominions Office, where no fewer than three top officials emphatically impressed on him a minutely detailed case for not acquiescing in any derogation from the generality of the most-favoured-nation system, which would have seriously weakened the position of the dominions and been the start of Britain’s coming down on “the European side of the fence”, to the detriment of her imperial connections. Layton, however, shared Henderson’s opinion that the matter was to be approached “from the point of view of Europe as a whole”, and he refused to commit himself along these lines.

Agreement was soon reached among this international group of experts on the causes of the crisis, not the least of which was the network of tariff barriers that was strangling Europe. All their proposals for the improvement of the situation had for their objective the removal of these trade barriers and the encouragement of the movement of goods, capital and labour. The trouble lay in the failure to date of all the remedies that had been tried.

However, the ice broke when M. François-Poncet, one of the French ministers who were on a visit to Geneva, dropped a hint that France might well enter into a customs union with Germany as part of a general settlement.

The committee took the matter from there, and before their first session broke up there existed the broad outline of a plan for an all-European customs union, or even two or three main groups initially (the central group, including France and Germany; the eastern group; and Scandinavia).

It was agreed that this European union should have the greatest possible number of members, that its external tariffs should be low, that non-members should be no worse off than before, and that transitional measures would be necessary. That was the position at June 1931.

Layton and Dr. Klemens Lammers of Germany, the joint drafters of the plan, carried on discussions with European heads of state and government during the following weeks, while the economic and financial situation continued to go from bad to worse, and social unrest increased in step with the soaring unemployment figures. The experts were doubtful whether there was any point in carrying on, when the situation was changing almost daily, but Henderson, supported by Briand, the German government, and even by Italian dictator Mussolini, refused to hear of any postponement and insisted that the committee should get on with its work and finalise the plan for an economic community.

On 24 August Layton and his colleagues met again in Geneva, and so well was their groundwork done that by the afternoon they had agreed, as the only way of preventing a similar crisis from occurring again, that Europe should be converted into a single vast market, accessible on equal terms to the producers of all member countries. Their detailed proposals went even further than the mere removal of tariff barriers, since they involved measures of economic planning on a European basis. The expression “common European market” or “European common market” came into use at this time with reference to this plan.

The method of approach chosen was that of the Austro-German plan – to begin with one or more smaller groupings that could later be expanded and combined into the all-European union that was the ultimate goal. This was how it eventually happened after the interlude of the Second World War. Only minor modifications were made at the request of the Italian and Polish members, but otherwise the committee, including the Soviet representative, was unanimous in its opinion.

Circumstances Intervene

Unfortunately, Henderson and his colleagues went out of office with the fall of the Labour government on 24 August, thus removing the principal British support for the European plan. While Prime Minister Ramsay MacDonald was trying to form his successor coalition government, the affairs of the nation were largely in the hands of the civil servants, and it was a senior official of the Board of Trade who represented the UK at the meeting of the European Commission where the common market project was discussed.

He managed to have the plan circulated to the European governments for their observations. This, of course, left the door wide open for the Board and the Dominions Office to draw up the official British reply, which was one of unbending opposition to the whole idea. Most of the European governments, on the other hand, expressed their support for the idea of a European common market, but were of the opinion that that particular stage of the crisis was not the best time to attempt to introduce it.

Its implementation was to be delayed for longer than anticipated. By the time the economic crisis was over, and conditions were more favourable to the inauguration of the European scheme, Adolf Hitler was in power in Germany, and his plans for the organisation of Europe did not coincide with those of France or of Layton's committee.

The idea remained in being, however, and attempts were made at intervals to resurrect it, notably in the summer of 1939, with the Second World War looming, when strong support was given to the principle by all of the parties represented in the UK Parliament. It was also kept alive by exiles and the resistance movement within the occupied countries.

Briand's Commission of Enquiry for European Union remained in being, although inactive, only to disappear formally in 1946 when the League of Nations was absorbed into the new United Nations Organisation. Its archives in United Nations headquarters Geneva indicate how much of the practical spadework for European integration had already been done during the 1930s.

The Idea is Resurrected

After the war, many of the people who had had experience of the Briand initiative and the European common market project were moving into leading political positions, and the European integration movement finally started to take shape.

Not the least of these was the French businessman Jean Monnet, who had been Deputy Secretary-General of the League of Nations during the Briand initiative, under Secretary-General Sir Eric Drummond. Monnet, in effect, pulled the European plans out of the

drawer after 1945, and set out to implement them with a more than willing group of collaborators.

Beginning with the Geneva-based United Nations Economic Commission for Europe, and the Council of Europe in Strasbourg, the number of European organisations increased over the years.

The implementation of the Layton-Lammers proposals began with the European Coal and Steel Community, the European Economic Community and the European Atomic Energy Community. Another European Commission (in its colloquial form), this time with genuine supranational powers, became the successor to the pioneer of 1930. As predicted in 1931, these organisations were initially complemented by the European Free Trade Association (EFTA) and the East European Comecon group.

The famous Helsinki Conference in 1975 gave birth eventually to Europe's largest institution, the Organisation for Security and Cooperation in Europe (OSCE), which successfully ended the Cold War and disarmed Europe.

The United Kingdom, still dreaming of imperial self-sufficiency, drew back from Europe in the 1950s, when the centralised economic developments were taking place, and its age-old antipathy to any large single authority on the continent continued. When centralist elements tried to develop the Council of Europe into a European authority with supranational powers, the move was suppressed, above all by the Foreign Office in London.

Only after the far-flung British world empire was asunder, and the "home empire" within the British Isles showed signs of following it into the pages of history, did it become possible to submit an application by the Celtic and Anglo-Saxon peoples for membership of the European Economic Community, and later the European Union, with its supranational aspects that had previously been absolutely rejected.

With that, a cycle of history closed as the British Episode in world history gradually neared its end, and the disintegration of the United Kingdom itself proceeded apace. Then, as the 21st century dawned, the signs of stagnation and disintegration within the EU project mounted, and the need for a reappraisal of the entire European concept in the light of globalisation and developing world governance became evident. It was the latest chapter in a long story, the end of which has still to be written.