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# EUROPE'S FIRST PARLIAMENT

Reflections on the Strasbourg Assembly, 1949

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MAURICE EDELMAN, M.P.

FABIAN INTERNATIONAL BUREAU

ONE SHILLING

THE AUTHORS, Labour Members  
of Parliament, were among the British  
Delegates to the first session of the  
Consultative Assembly of the Council  
of Europe which met at Strasbourg  
from the 8th Aug. to the 8th Sept.,  
1949.

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February, 1950



# I

## STRASBOURG AND AFTER

By Seymour Cocks, M.P.

The conception of a united Europe, particularly of a united Western Europe, is rooted deeply in the history of Western Civilisation. It goes back to the first 400 years of the Christian era when, except for Gaelic and Hibernian fringes, all Europe west of the Rhine bore the stamp and imprint of Imperial Rome, and gained from Roman roads and Roman administration a sense of unity it has never altogether lost. For when Rome fell and the provinces became independent States, the Catholic Church preserved the atmosphere of a common civilisation, and it was not until the sixteenth century, when Christendom itself was rent in twain, that the sense of the essential one-ness of the peoples and institutions of Europe began to fade away.

But it did not die altogether. Men like Sully, Penn, Grotius, the Abbe de St. Pierre, Alberoni, Rousseau and Kant, diligently kept its memory alive, and when the New England States achieved their independence, George Washington, in a message to Lafayette, said :—

“ We have sowed seeds of Liberty and of Union that will spring up everywhere upon earth. Some day, taking its pattern from the United States, there will be founded a United States of Europe.”

### The Islanders

In Britain, however, this sense of the unity of Europe or of unity with Europe, possibly never very strong, practically ceased to exist when Calais was lost in 1558. The Roman roads ended at the coast. The Channel became a moat

“ defensive to a house,

Against the envy of less happier lands.”

and, turning their backs upon the continent, the British people founded an Empire beyond the seas to which their interests and affections were increasingly drawn. Ties of language strengthened ties of blood. Being indifferent linguists they felt they had more in common with English-speaking peoples in the Dominions and in the States than with those speaking heathenish tongues nearer home. State policy strengthened insularity. For generations it

has been the policy of Britain not to help Europe to unite but to keep her weak and divided. It was largely due to the efforts of this country that the attempts, first of Napoleon and then of Hitler, to unify Europe by force were defeated. Owing to changed circumstances this policy has now been abandoned. But possibly in some deep and dusty Foreign Office recess faint memories of these old traditions still linger on.

### **Changed Circumstances**

The changed circumstances are these. The U.S.A. and the U.S.S.R. are now the most powerful States in the world; Britain, has become a peninsula; and the Security Council, paralysed by the veto, is obviously incapable of preserving the peace of the world. Meanwhile the Western European countries, maimed, weakened and exhausted by the recent war, are feeling a common urge to get together for comfort and for protection against the economic and political storms which threaten them on every side, and Britain, although her industrial pulse beats strongly, realises that the dollar crisis, which at any time may take a more dangerous turn, cannot be solved in isolation, and that possible alternatives, such as may be offered by pooling and developing the resources of Europe, must not be lightly disregarded, but should be carefully and scientifically examined and explored.

The military defence of Western Europe is in the hands of the Brussels Powers and the signatories to the Atlantic Pact. It is outside the sphere of the Council of Europe. But economics are another matter, and here Western Europe and the U.S.A. present the most vivid of contrasts. Both areas are rich in natural resources and in populations well endowed with technical skill and industrial ability. But there the resemblance ends. The states which constitute the U.S.A. are united: the states which constitute Western Europe are not. The U.S.A. is an area of internal Free Trade. No tariff walls rise up between the Atlantic sea-board and the Pacific coast to obstruct the flow of trade or exchange of goods. The U.S.A. has a single currency and a single political system and is practically self-contained. And there is a home-market of 150,000,000 consumers which provides American industry with unequalled facilities for large-scale production.

Western Europe is entirely different. It is divided by language, race and national habits. More important it is divided by economic barriers. It is cut up into sections and segments, each surrounded by a tariff wall. Each segment has a separate currency, a separate central bank and a separate administration. Each part competes with every other part. There is no central planning of industrial resources and activities. Yet in this area there is a population of 200,000,000 people—a larger population than



that of the U.S.A.—and many people think that if it were possible for Western Europe to adopt a single currency and to sweep away her internal tariffs and trade restrictions, she might become as efficient and prosperous as the U.S.A. itself.

As Mr. Hoffman has said: "Western Europe provides a greater potential mass-market than the U.S.A.—if trade barriers can be removed."

## Two Pictures and Some Difficulties

The proposition is an attractive one and makes an instant appeal. The contrast between the two areas is simple and vivid and strong. "Look here, upon this picture, and on this," says the advocate, and his hearer is well-nigh convinced without further argument. The very name "United States of Europe" appeals to some sense of symmetry and parallelism in his mind. But the problem is not as simple as it seems nor as some American authorities, who are continually pressing for the closer integration of Europe, apparently think it is. It concerns not tariffs only, but a most complicated system of exchange controls and quota restrictions which few are competent to explain. The Financial Editor of the "Manchester Guardian" stated recently that someone had calculated that there were nearly 90 distinct forms of sterling currency, each with particular limitations on its use. As a result of these different quotas, controls and tariffs, certain patterns of industry have come into being, and it is obvious that, if all these restrictions were suddenly and rudely swept away, great industrial dislocations and widespread unemployment might be the result. This, of course, is no reason why the closer integration of Western Europe should not be attempted, provided that everything is done with the greatest care. Progress may have to be cautious, guarded and gradual. Plans may have to be devised, possibly with American aid, to cushion particular areas against distress. But it is false to suggest, as some have suggested, that a policy of freer trade between the countries of Western Europe means the adoption of a policy of *laissez-faire*, the abandonment of all laws and regulations for the protection of standards of living and the abolition of planning. It might indeed lead to an extension of planning and to a higher European standard of living. In the long-run the creation of a single market of 200,000,000 consumers must be a clear advantage to Western Europe and to the world.

## Council of Europe

Owing to the circumstances already related, the movement to bring the Western nations more closely together, economically, politically and culturally, has developed great force and momentum.



- It is strongly supported by the U.S.A. and is opposed by the Soviet Union. The attitude of the British Government to the movement, or, at least, to its practical implications, has been decidedly cautious, perhaps over-cautious. For this the Government has been much criticised, both on the Continent and in America.

France took the lead with the proposal that there should be set up a European Assembly, the members of which should be elected by the Parliaments of Western Europe.

For some time this was resisted by Britain. The Foreign Office took the view, apparently, that an Assembly of this nature might act rashly and irresponsibly and that the intrusion of non-official persons, however eminent, in the delicate affairs at that time being negotiated, would be embarrassing and might be harmful. It felt that, for the time being, the Committee of Foreign Ministers, representing all the Governments concerned, could do all that was necessary. It did not rule out the possibility that at some future date, when world affairs were less critical, the proposal might be reconsidered, but it thought it would be a mistake to try and put a roof on a building before making certain that the walls were strong enough to support it.

However, the French and the other Western Governments continued to support the proposal, and eventually a compromise was reached, and this was embodied in the Statute of the Council of Europe, signed on May 5, 1949.

The following was the essence of the compromise. The Council of Europe was to consist of two bodies, not one. There was to be the Committee of Foreign Ministers, acting as a kind of Upper Chamber or Senate and directly representing the ten Governments concerned, and there was to be a Consultative Assembly composed of representatives from the various member-states, and these were to be appointed or elected in any way their respective Government chose.

The Committee held the purse, and all executive power was concentrated in its hands. All the Assembly could do was to give advice. And that advice was limited to the subjects the Committee permitted the Assembly to discuss. The Assembly was not allowed to draw up its own agenda. This was greatly resented at Strasbourg when the Assembly found that it had only been given three subjects to discuss—Economics, Social Security and Cultural matters—and that the Committee had removed from the provisional agenda certain questions, such as Human Rights, which it wished to consider. Promptly the Assembly restored these items to the agenda, and the Committee wisely accepted the position. It has since been tacitly recognised that, with the exception of questions

of Defence, the Assembly, in practice, will be able to discuss any subject it chooses.

Although the Assembly has no executive power, it exercises considerable influence and authority. Its position is established by Statute. Its members have been chosen by Governments or by Parliaments. It holds its plenary sessions in public, and if, in its discussions, it expresses the desires of the nations and the aspirations of the people, it will speedily acquire an immense prestige. It will be the sounding board of Europe, the *vox populi* of Western Civilisation. It has the absolute right to make representations to the Committee of Ministers, and as its influence develops its recommendations will have to be carefully considered. Its reputation will depend on the wisdom with which it carries out the work assigned to it. Its future rests in its own hands.

### A Call to Action

The Statute lays it down that the aim of the Council is

“to achieve a greater unity between its members for the purpose of safeguarding and realising the ideals and principles which are their common heritage and facilitating their economic and social progress.”

It further states that this aim

“shall be pursued through the organs of the Council by discussions of questions of common concern and by *agreements* and *common action* in economic, social, cultural, scientific, legal and administrative matters and further realisation of human rights and fundamental freedoms.”

The objects of the Council, therefore, must be pursued by action—common action. Discussion alone is not sufficient. The need for action is emphasised. With this aim in view the Council of Europe held its first session in Strasbourg in the summer of 1949. The Assembly was given an impressive start. “A closer association of Europe,” said M. Herriot, “is a matter of urgency. It is a problem of life and death. The European Assembly will be as your determination makes it. To it the fate of Europe is committed.” The high appeal reached responsive hearts. Delegates were in a responsible mood, and the atmosphere, despite a few unfortunate incidents in the early days, was co-operative and European. Delegates sat, not in national or party groups, but in alphabetical order, and were eager to co-operate and ready, if necessary, to compromise, in the cause of unity. Owing to this, and to the masterly chairmanship of President Spaak, the reports of the different committees, freely amended in discussion, were finally adopted by large majorities.



### **The Economic Report**

The economic situation naturally dominated the proceedings. The Economic Committee's Report began by stating that unless the dollar gap was closed and economic equilibrium between Europe and North America were restored, millions would go hungry. The Assembly endorsed the warning. The report went on to say that by bringing about the economic union of Western Europe costs and selling-prices could be lowered, but it was admitted that this unity could only be brought about gradually. Restrictions would have to be abolished by stages.

Social legislation and policy in the different countries would have to be harmonised gradually and basic industries and investments co-ordinated. With economic union there would, of course, be established a multilateral system of payments and the convertibility of European currencies, but, during the transitional period, movements of capital would have to be controlled. The Committee asked the Committee of Ministers to call an Economic Conference to study these proposals, and suggested that in the meantime it should be empowered to take evidence from experts and to study the material collected by O.E.E.C. and other organisations. It was a balanced report and the request seemed a reasonable one. But the Committee of Ministers, meeting in November, treated the report in a somewhat cavalier fashion and merely passed it on to O.E.E.C. with a request that the latter organisation should express its views upon it.

A further disappointment followed. It was decided at Strasbourg that the Economic Committee might sit between the annual meetings of the Assembly and that it should set up four sub-committees to study such important subjects as a Common Currency for Europe, a European Reserve Bank, a European Investment Board and the issuing of a European postage stamp. On all these questions technical information was required. But the Committee of Ministers decided that no money could be granted for any special meetings of the Economic Committee or of its sub-committees. This prevented the Economic Committee from proceeding with its work, with the result that when the Assembly meets in September, 1950, it will still be without the expert information it requires. In a sense this decision of the Committee of Ministers was a blow to those who advocate a functional, rather than a constitutional, approach to the problem of European unity.

### **The Political Report**

On the political side, one of the most striking announcements of the Assembly was the statement that the " problems of common interest " mentioned in the Statute could not " be solved within the framework of the present European structure."



Holding this view, the Assembly gave to its Committee for General Affairs the task of examining, amongst other matters :—

1. Proposals for extended collaboration in the political, economic, social and cultural fields ;
2. The modifications in the political and constitutional structures of the States concerned, which this collaboration would entail ;
3. Federal and other proposals for the future political development of Europe.

It was instructed to formulate precise and definite proposals on all these subjects and to say exactly in what way or ways the political structures of member states should be modified for the purpose of bringing about closer unity.

The Committee was given until April 30, 1950, to make its report to the President, and as the Assembly also adopted a resolution stating that

“ the aim and goal of the Council of Europe is the creation of a European political authority with limited functions but real powers.”

this would have to be borne in mind when the report was drafted.

The Assembly also set up a Permanent Committee or “ Little Assembly ” of 28 members to meet at least four times a year between the meetings of the Assembly itself and to prepare the agenda for the following session. This Committee was also instructed to study the possibility of a common European nationality and the creation of a corps of European Civil Servants. Other reports adopted by the Assembly came from the Committees on Social questions, on Cultural and Scientific matters and on Legal and Administrative problems. The last-named Committee recommended the adoption by the Member States of a Declaration of Human Rights, ten in number, which should be protected and guaranteed by a European Court of Justice.

### “The First European Parliament”

Very impressive was the close of the first session of the Assembly. All day the delegates had been discussing the report on Human Rights. At 7 p.m. there was an adjournment for two hours. At 9 p.m. the Assembly met again. For three more hours the debate continued, and eventually the Report was adopted. At 10 minutes after midnight President Spaak rose to conclude the session. The delegates also rose and so did the members of the general public in the gallery and the body of the hall.

" We have managed to succeed," said President Spaak, " in turning this Assembly into the first European Parliament. . .

" Knowing far better than we did before that a United States of Europe is a necessity . . . I shall leave Strasbourg with the certainty that this United States of Europe is now a possibility. . . In Danton's words, ' De l'audace, encore de l'audace, toujours de l'audace,' and Europe is saved."

It was 26 minutes past twelve on Friday morning, September 9, 1949, when these words were uttered. Delegates went to their beds feeling they had heard a great historic declaration; that they had taken part in the making of history.

The first session of the Assembly was an undoubted success. The feeling of most of those present was that the Council of Europe had come to stay, that through its efforts Europe might become more united and prosperous and that in the course of time the Assembly might extend its influence, acquire new functions and become a real European Parliament with, perhaps, members of the Committee of Ministers attending the Sessions as members of the Government sit in Parliament.

Along certain lines progress may be slow, for Rome was not built in a day; neither can a Strasbourg administration be established in a single session. On some of the paths which lead to the closer political and economic integration of Europe lie many obstacles. These can be removed by patience, effort and goodwill, but the operation may take time.

Along other approaches, functional, semi-functional and symbolic, progress may be more rapid. The establishment of a European service of civil aviation would seem to present few really serious difficulties. Although stamps are a source of national revenue, it should be possible for an arrangement to be made between the postal authorities concerned, for the issue of a distinctive European postage stamp for letters and packages going from one European country to another. The recognition of a common European citizenship (perhaps with voting rights, subject to a residential qualification) and the issuing of a European passport would be symbolical and practical steps of the greatest value and significance.

The abolition of customs and other duties which hamper the circulation of books, periodicals and other artistic products; closer collaboration in scientific research; the exchange of professors, teachers, students, artists and technicians; the teaching in all West European schools of a second language, preferably English or French; the bringing together in various ways of trade unionists, co-operators, members of youth clubs and professional organisa-



tions from the different countries concerned ; all these would help to develop that spirit of European unity which must inspire any European organisation which hopes to be permanent and effective.

### **Britain's Attitude**

Much depends on the attitude of the British Government.

Britain cannot put the unity of Europe before the unity of the British Commonwealth. But the two unities are not incompatible, and the Dominions can be consulted at every stage in the process of integration.

Neither can Britain, at the present time, take any step which would weaken her position as the banking centre of the sterling area. But the Government should be ready to examine with sympathy any scheme for closer association with Europe which would not entail a drain on British dollar reserves.

The fact that Britain has gone further in the direction of a planned economy than most of her associates presents certain obstacles to closer co-operation. But these matters can and ought to be discussed. Such discussions would encourage those Continental Social Democrats who want to establish Social Security and Planning in their own countries. It would do great harm to progressive causes in Europe if British policy suggested that the only co-operation in which Britain was wholeheartedly interested was co-operation for Defence.

Subject to the foregoing considerations Britain should do everything in her power to make possible the realisation of that high project which has been the dream and desire of statesmen and philosophers and ordinary men and women in many countries and centuries—the United States of Europe.



## II

## THE STRASBOURG ASSEMBLY

By R. W. G. Mackay, M.P.

Was it a success or a failure? Historians in later years will be able to see the answer more clearly, for they will know whether indeed the delegates laid the foundations of the United States of Europe, or whether Strasbourg of 1949 joined Frankfurt of 1848, a brilliant but futile might-have-been of history. But there is one thing that can be said now, and with certainty: if Monsieur Spaak's division of men to-day into good and bad Europeans is a valid one, then it was the good Europeans who won the day.

We may analyse the question in two ways, the technical and the fundamental. In one sense, Strasbourg justified itself by merely surviving. It was something never before attempted in history. There have been leagues of sovereign states before, like the United Nations. There have been confederations, like the Concert of Europe, which was set up after the defeat of Napoleon. But the Council of Europe is the first supra-national body to meet since the rise of the sovereign-nation state some 450 years ago. Yet before the end of the session, members drawn from backgrounds of every conceivable kind, and sitting in alphabetical order, could refer to "the feeling of the House"; and if the absence of rigid party divisions makes the analogy closer to the House of Commons between the two Reform Bills than to Westminster in 1949, nevertheless, the critics who said a European Parliament was a technical impossibility, are now silent. The issue of whether we want a European Federal Parliament has yet to be decided; but if we do want it, it can be done.

This, however, is a technicality compared with the real issue: what underlay the mass of inaccurate newspaper reports of party bickering? The answer is quite simple. A hundred European politicians were confronted with six reports—and a fact. The six reports were these: the O.E.E.C. reports of September, 1947, and December, 1948; the U.N. Economic Surveys of Europe published in March, 1948, and April, 1949; the Hoffman E.C.A. report of February, 1949; and during the session itself a sixth was added, the Snoy-Marjolin Report of August 31. These reports contained the truth about what was happening to the European economy, and the last summed up the result in unequivocal terms. "The

dollar problem, despite improvement in the last two years, is not on the way to solution." The fact was Germany. Before Bonn it did not exist. To-day it does; and instead of the European Federal Parliament which should have been waiting at Strasbourg to receive it, there was only a Consultative Assembly.

Let us examine the first issue in a little more detail. The facts are well known. In 1948 the productivity of labour in European industry was about one-quarter, and in European agriculture about one-sixth of that of the United States. The unified American market has given her a trade greater than the rest of the world, and investment greater than all the rest of the world put together. Yet the natural resources of Europe are equal to those of America, and in human raw material greatly superior. Why then this difference? The answer is quite simply that Europe has been marching backward. We live in the age of continental federations under federal governments; yet Europe to-day is divided into 29 sovereign states, while in 1870 she had but 15. Now in these six great reports the economists have produced these facts, and many more. To take an example: paragraph 10 of the Interim Report of O.E.E.C. states, " At present most European grasslands are badly farmed, and very large increases in production could be achieved in a short time. For example, the Working Party's calculation of 17.5 per cent. in the present productivity of grasslands would provide increased food of an amount equal to the entire requirements of imported foodstuffs. . . . The technical methods are well known; the real problem is to get them adopted on a sufficient scale." There are twenty committees working under O.E.E.C., and they have already produced exhaustive reports on textiles, agriculture, oil, iron and steel, all suggesting action. But no action has been taken. The economists know what must be done, but they have no political authority to enforce their decisions. The executive power still remains with the national governments.

So much for the Europeans themselves. But at Strasbourg we had to reckon also with the American people. The average American householder is to-day paying nearly 17s. a week out of his own pocket, believing that by dint of this very real sacrifice Europe will be on her own feet by June 3, 1952. Yet now we know that the annual dollar deficit in 1952 will probably still be above 3,000 million dollars (U.N. Economic Survey of Europe for 1948, p. 177). Marshall aid has, in fact, been diversifying the European economy still further, not unifying it. Textiles are produced in Benelux and Switzerland, watches in Sweden, and the manufacture of the crawler tractors is introduced into four countries of Europe simultaneously. Well may the report continue: " The danger inherent in the present methods of planning is that they will influence the economic development of individual countries



in a more autarkic direction and thus lead to the increased economic isolation of the countries of Europe from each other. This is almost inevitable so long as economic plans are drawn up separately for each national area, and controls over foreign trade are operated on a purely national basis" (p. 166). No wonder Mr. Hoffman said in a speech on the same day as the political debate at Strasbourg: "It want to say again and again to you that now is the time when there must be proof of accomplishment in the direction of genuine co-operation among the European nations to the end that this becomes as rapidly as possible a single market." And he implied that unless such proof was forthcoming, he could not hope for funds from Congress to finance European recovery next year.

Thus the delegates at Strasbourg found themselves faced with unanimity from the experts and from the Americans who foot the bill. They came to see three facts with increasing clarity as the days went by:—

- (1) That economic catastrophe in Europe is rapidly approaching, and can be averted only by revolutionary decisions.
- (2) These economic decisions can be taken only by a political authority with real powers.
- (3) Public opinion in Western Europe, especially in Great Britain, is not yet ready for these measures.

In face of this, since the Assembly had no power and could not take any executive action, they could only set up a fact-finding commission. For this purpose, the Assembly decided to use the General Affairs Committee under the chairmanship of Monsieur Bidault. It must report by April 30, 1950, giving "definite recommendations concerning the modifications in the political structure of the member states which it considers desirable." The Committee has power to summon any expert whom it desires to hear. It will have any funds it needs. But above all it has the unqualified support of every government represented at Strasbourg. Mr. Morrison made one of the most important pronouncements by a Cabinet Minister since the war. He said: "I do not say that the functional approach is the solution for all time, nor that some collective European authority of a democratic character may not in due course develop with specific powers to decide certain matters direct. New ideas do not frighten me. I just want to know with some precision what the new ideas are and what they mean. We need the facts, honestly sought for and impartially set out. The peoples of Europe need the facts. When we have them, let the argument proceed; and I for one am prepared to reserve my final judgment until then."



The decision to set up a commission of examination is of the utmost importance. The report produced on April 30, 1950, may well prove to be the decisive document in the history of our continent. On the other hand, some hoped that the Assembly might realise the urgency of the question to a greater degree than it did; that the economic report would contain some concrete proposals for immediate moves towards a common currency and banking system. The Assembly was in this sense timorous. Few members knew, for instance, that when the Federation of Australia was established, it took five years to get common customs duties, and that the Federal Government did not enter the field of income tax for fifteen years. Some members seemed to fear that the Federalists were advocating immediate demolition of every tariff and customs barrier in existence, and were worried about the consequent fall in their constituents' standard of living. This, of course, is nonsense. The real answer is that a European Federation will provide a rational framework within which the largest industrial and economic unity in the world can be progressively unified. Nor will it be autarkic, as the "Economist" seems to think the Federalists want it to be. It will have very close preferential agreements with the British Commonwealth, the French, Belgian and Dutch Empires.

What are the next steps? On the recommendation of the General Affairs Committee, the Assembly set up a Permanent Committee, representative of the members of the Assembly which is meeting regularly between the sessions of the Assembly. This Committee like all bodies can be something or nothing. What is clear is that with E.C.E. and O.E.E.C. there is plenty of information available as to what should be done in Europe. What is lacking is an overall authority with power to carry out what those bodies recommend. The Permanent Committee can fill this gap. It will not have any power, but it can make recommendations to Ministers which, if they are sensible, the Ministers will be unable to reject. The important thing is that there be a unified centre to the area, around which the others are grouped, and not a vague association for the whole, which would nullify the very advantages a single market confers. Good Europeans must be very wary of this specious escape for those who wish to avoid any real surrender of sovereignty. Bad Europeans would do well to ponder the words of Monsieur Reynaud: "It is not a choice between the *status quo* and an experiment. It is a choice between that experiment and certain catastrophe." By April, 1950, the report of the General Affairs Committee on the political union of Europe is to be available.

## III

**STRASBOURG AND THE EUROPEAN  
ECONOMY**

*By Maurice Edelman, M.P.*

The political debate gave the Assembly the opportunity for exalted phrases, generous sentiment and noble prophecy. Europe emerged as an entity whose ideal form already existed and needed merely a few decisions of Government, Ministers and Parliaments in order to become a working reality. "Il faut faire l'Europe . . ." shouted M. Philip the French Socialist; and everybody cheered. The words "European unity," recurring in almost every speech, lit an emotional fuse which set off an explosion in the heart of almost every delegate.

**The Definition of "Unity"**

Of the British representatives, the Labour members, with the exception of R. W. G. Mackay who had unflinchingly associated himself with Europeanism, applauded with their finger-tips some of the elevating references to European union. Themselves convinced of the need for European co-operation, and belonging to a Party which had always advocated fraternity among the peoples, they heard with reserve the advocacy at Strasbourg of European unity by many who at home had always promoted policies of economic nationalism. This scepticism was promptly translated by the Conservative Press in every country—and by the Socialist Press in some countries—as scepticism not about the spokesmen of the slogan "European unity," but about the conception itself.

Yet British Socialists might be excused for a certain dubiety about Mr. Churchill's conception of a United Europe. Only a few weeks previously in a famous speech at Wolverhampton, he had announced the Conservative Party's agricultural policy. It was to put the British farmer first; the Commonwealth farmer second; and the foreigner last of all. While this view might be defensible, though Socialists would consider it economically unsound for the consumer as much as for the producer, no one could claim without effrontery or hypocrisy that this grading of preferences was in accord with the idea of an economically unified Europe. That Churchill was able so quickly to forget the cheers of his



Wolverhampton audience amid the cheers of the Strasbourg delegates is not a mark of his inconsistency or of his insincerity. It merely means that by European unity he had something different in his mind from what was in the minds either of the economic liberals who wanted a European trading area without customs barriers, or of the economic planners, whether federalists or functionalists, who wanted to see conflict and restrictionism replaced by a harmonised activity.

No discussion either about the principle of a United Europe or about the particular attitudes of the Labour delegates to Strasbourg is useful unless we define what is meant by unity in the context of European organisation. For Churchill himself, "unity" was a mystical-cum-military idea. The slow movement westward of Soviet power with its peculiar ideology required of the Western States that they should ally themselves in resistance thus to preserve their Western culture. Since his associates in the European Movement included many prominent federalists, the Press concluded from Mr. Churchill's first speech at Strasbourg and from the reticence with which the Labour delegates received it, that he was in favour of a politically unified—that is to say a Federal Europe—and that the British Socialists were opposed to that forward-looking conception. The French Socialists were indeed so completely misled by Churchill's speech and the reticence of the Labour delegates that while they hailed him as a great European, they damned the Labour attitude as reactionary.

Before the Strasbourg Assembly was over, it became clear that the word "unity" had a variety of meanings for the various delegates; that Churchill, indeed, was not a full-blown federalist, but rather as empirical in his approach as was Herbert Morrison; that many who clamoured for European Union were in fact among the most reluctant to resign national sovereignty or to make any sacrifice for the sake of European harmony.

To make a rough division of opinion on the European settlement, I would divide those present—though the classifications sometimes blended—into the mystics, the Federalists and the Functionalists. The mystics were joined in a generalised attachment to Europe's traditions, and a precise hostility to Soviet expansionism. But they did not necessarily want to unite their political and economic institutions. For many of them, however, European Federalism with its goal of a legislative and executive authority "with real powers however limited," was the conception which brought them to Strasbourg. Within the important federalist grouping were represented two trends of political thought; that which believed in Europe's unification by means of a *laissez-faire* economy without trade barriers; and that which believed in unification through a planned European economy. The federalists varied

in their attachment to the federal idea; some, like Mackay, Philip and Mollet, thought it must be made a fact promptly in order to save Europe; others like Harold Macmillan and Reynaud were prepared for a slower maturing. But British, Italian and French Conservatives were united with French Socialists in paying formal tribute to the idea of a Federal Europe.

At an early stage, the Labour delegates, with the exception of Mackay, labelled themselves "functionalists." They wanted to unite Europe by strengthening and extending international agencies of economic co-operation. They were not prepared to say—as some delegates seemed to say without meaning it—that they favoured the immediate renunciation of any part of national sovereignty, without taking carefully into account the effect on domestic economy. They recognised that without a central sovereign authority it would be difficult to make currency, investment and industrial plans for Europe. And the French Socialists were quick to point out that, in their view, without such an authority the control of capital investment, exchange control, the controlled location of industry and a controlled division of labour could not take place.

The answer of the British Socialists through Morrison, Dalton, Fred Lee and others was that a European authority with executive power could not effectively establish a planned economy, unless the Governments of the constituent countries were prepared and had power to plan their domestic economies. What value would it be to have a European Capital Investment Board, unless Italy or France was prepared to have an effective Capital Investment Board at home? Then again, unless the European Authority was elected by the general suffrage and then had direct, democratic support, it would certainly meet with powerful opposition from those whose domestic interests might be disturbed. This applied to workers as much as to employers, since workers had as natural a vested interest in their place of work as had employers. "Will you ask the workers of Lyons whether they are prepared to have part of their works shut down in the interest of the workers of Macclesfield?" one Labour M.P. asked M. Philip, the Deputy for Lyons. The question was resented, but not answered. What the Labour representatives proposed for the integration of Europe's economy was a system of "planning by consent," of international consultation both through existing agencies and through new organisations specially devised for certain urgent needs.

Had the Labour delegates been able to point to the war-time Combined Food Boards, the Middle East Supply Centre, and the European Coal Organisation as current examples of nations working together, their case would have been strengthened. But with the death of Roosevelt, the breath of life that he had given to



this form of international co-operation faded too. The businessmen who believe in uncontrolled competition, could not long endure this namby-pamby co-operation. The Labour Members were themselves obliged to criticise O.E.E.C., the most important present-day agency of co-operation, which they might otherwise have wished to take as an example, since it obviously lacks the spirit which filled its predecessors—the spirit of joint effort to achieve the general benefit. In the Economic Debate no one doubted that O.E.E.C., through no fault of its individual members but through its lack of power, had failed to integrate the European economy. Since it could not dovetail the national plans and intentions of its members, it had merely established that the eighteen national projects were inconsistent with each other. Apart from this, O.E.E.C. had supervised the share-out of American relief to Europe. That function seemed inadequate to most delegates. Was then the failure of O.E.E.C. an argument against the theories of the British Socialists that international agencies can effectively link and unite the countries of Europe?

The federalists argued that as O.E.E.C. was merely an international committee of national civil servants, it was inevitable that its members should seek to defend the interests of their national governments. That, they submitted, was the essence of its inadequacy. The British Socialists agreed that a joint organisation of this kind was unable to make disinterested decisions as long as it was composed almost entirely of civil service experts. But what they required was not that the organisation should be rubbed out, pending the creation of a European Economic Authority. They wanted rather to strengthen it and make it effective by adding representatives of employers' organisations, trade unions and consumers' organisations. In this they allied themselves with Lord Layton, who independently had advanced a similar thesis.

At this stage in the Strasbourg Debates, some of the paradoxes in the American language about European unity became clearer. On the one hand, the administrators of E.C.A. said that they wanted the Europeans to concert their activities, to plan their future together and to integrate their industry and trade. On the other hand, they wanted to see a progressive liberalisation of the European economy on the model, at the back of their minds, of the great American economy. With everybody producing and trading freely within the new European area, who could doubt, they asked, that all would prosper? The dominant view of those Americans charged with making Marshall aid effective, though there were some minority opinions, corresponded with that of the European liberal economists, that is to say of the various Conservative Parties. They wanted competition without quotas, multilateralism in trade, convertibility of currencies, reduction in costs

of production, the ferment of capitalism within the ring-fence, if necessary, of a European customs-union. The slogan of "unity" and the jargon words like "integration," which for Socialists meant economic planning for Europe, seemed now to carry a very different meaning in the mouths of Americans who, although they limited themselves to observing the Strasbourg Assembly, were present in or behind almost every speech. No wonder then that with the Americans on the one side charging them with "dragging their feet," and the mixed alliance of European Conservatives, Liberals and Socialists accusing them, on the other side, of reluctance, the British Socialists found themselves in an isolated position, except for the Swedish and Norwegian Socialists who shared their point of view, and for the Irish, the Turkish and the Greek delegates who, for different reasons, wanted to stay on dry land at the side of the federal stream. But the British Labour Members had the satisfaction of knowing that their empirical approach to European unification was a sincere one; that their conception of European unity was a radical one involving structural changes in Europe's economy, and was, therefore, more profound than that of many of their critics, who merely wanted formal changes; and that however much they were abused and maligned for their caution—which is merely another word for their refusal to bend their lip to grandiloquent and unrealisable constitutional proposals—their attitude was vindicated by the general adherence of the Assembly to the method of unification advanced by them.

\* \* \*

### The Economic Committee

After the Economic Debate, an Economic Committee of eighteen was appointed to consider resolutions submitted by delegates and to produce a report for the Assembly. Paul Reynaud was elected Chairman of the Committee after a contest with Philip, and it became plain, since the continental procedure was being followed, that a coalition of Reynaud with a Conservative *rapporteur* would give a "liberal" slant to the Committee's work. There was already a Conservative majority on the Committee, and at the start it seemed almost inevitable that Socialist recommendations would be out-voted. Reynaud, early on, arranged with David Eccles, M.P., to submit a draft report to the Committee for discussion. This was to become, after amendment, the final report submitted to the Assembly, and by the manner of its submission to the Committee with Reynaud's sponsorship, the European Conservatives forced the Socialist minority into the position of an amending opposition, concerned above all to extract the poison from the fangs of the draft report.



With certain general propositions of the Eccles Report, the Labour Members of the Economic Committee—Fred Lee and myself—could find no reason for disagreement. The Preamble, for example, asserted that unless economic equilibrium is re-established between Europe and North America by the development of Europe's dollar-trade and the extension of inter-European trading in order to reduce American imports, many millions would be faced by unemployment and hunger. In the Committee, the "liberal" economists had carried their point about the desirability for the free circulation of goods and capital. But the "dirigistes" had obtained as a *quid pro quo* the clause that "the building up of such a union of free peoples implies central planning, combined with a maximum degree of individual liberty. The central planning must be by consent, and the liberty must be used for the good of all." Boothby attacked this last clause as a dull platitude. But although the language had an uninspiring flatness, it expressed a fundamental idea, asserted in the face of the "liberals'" objections.

In many ways, the Report, as Eccles acknowledged when presenting it, was an attempt to reconcile ideological differences from "dreaming Socialism to stark-naked Liberalism." Or as a Labour M.P. put it, "Many of Mr. Eccles' sentences begin their career as Conservatives and end it as Socialists." Nevertheless, despite the synthetic quality of some of its parts, the Report had a fundamental bias towards economic liberalism, the classic doctrines of capitalist economics.

Reduced to its essentials, the Report recommended that a multilateral system of payments should be established as quickly as possible "including the restoration of the interconvertibility of European currencies, subject to the safeguards necessary to enable the movement of capital to be controlled during the transitional period." (The last part of this clause was a rearguard amendment fought by the British Labour Members of the Committee with the support of the French and Scandinavian Socialists.) It also called for an Economic Conference representing the countries of Europe and their overseas associates and territories to "follow up the work of O.E.E.C. in liberalising inter-European trade; and to bring about an extension of existing preferential systems (the Labour Members added "and the system of guaranteed markets") to the whole trading area of those taking part in the Conference. It also advocated, on a Labour Motion, European conferences "representing employers', workers' and consumers' organisations, as well as the Governmental departments concerned in the basic agricultural and manufacturing industries, in order to make concrete proposals on the organisation of those industries and the increase in their productivity in the interest of Europe." And finally, the Report recommended that a delegation of the *Council* of Europe

should negotiate with the *Government* of the U.S.A. and with any other government concerned, " in order to obtain their consent to any necessary modifications in existing treaty obligations and also to all measures which would encourage imports from Europe, notably by the reduction of their tariffs.

This outline of the Eccles Report gives no idea of the running battle which the Labour representatives in conjunction with Socialists from France, Belgium and Scandinavia had to fight against the Conservative majority. The major engagement was on the question of the revaluation of European exchange rates. This suggestion was emphatically resisted by the Labour Members. On the one hand, a recommendation by the Strasbourg Assembly in favour of revaluation—and for Britain revaluation could only mean devaluation—would have had, it was reasonable to believe, a handicapping effect on Sir Stafford Cripps and Ernest Bevin, then in Washington negotiating for American co-operation in stopping the gold and dollar drain. Certain Americans, among them Mr. Eugene R. Black, President of the International Bank, were advocating devaluation; Cripps had declared the Government's opposition to the idea. The Labour Members, therefore, were concerned with defending their country's legitimate interest of sustaining confidence in sterling, against a motion whose effect, if carried, would have been to diminish confidence.

When we moved an amendment to the Eccles Report calling on the Assembly to pledge itself to " promote a policy of full employment and a rising standard of life," I said " I heard nothing during our debates in the Committee to make me change my belief that monetary manipulation leads to a brief export boom, followed by rising costs of imports, rising costs of production, social agitation for higher wages and strikes, and finally the black misery of unemployment. I cannot regard an economy as being healthy—and here M. Motz (of Belgium) may disagree—even if there is a favourable balance of trade, when 10 per cent. of the workers are unemployed."

With the exception of the last sentence, this passage has been quoted by Conservatives in order to show that Socialists were opposed to devaluation in and for itself. In fact, the Labour Members were opposed to the revaluation advocated by Eccles and his continental associates like Signor Corbino of Italy and M. Motz, because they regard—and Italy and Belgium have practised—*deflation*, with its unemployment and hardships for the poorest in the community, as the ineluctable counterpart of devaluation. Eccles himself, as *rapporteur*, has analysed the Committee's discussions. " It is obvious," he said, " now that gold is no longer the automatic regulator of the volume of credit, that countries which desire to maintain convertibility must deflate or



inflate in step and thus harmonise the monetary side of their employment policies. It is an open question whether all this financial reconstruction can be done unless the exchange rates between the various currencies in the group are first brought into line with the realities of the post-war world. The Committee on Economic Questions, after a long and friendly debate—and I hope some gentlemen here heard the word "friendly"—took a vote on the question of including in the report a recommendation that European exchange rates should forthwith be examined and the necessary readjustments be made. On this delicate topic the Committee split into three groups. Some thought a readjustment of exchanges desirable as soon as possible. Others agreed that a readjustment was inevitable, but considered the time not yet ripe to say so. Others thought a readjustment was neither inevitable nor desirable. The alliance of the last two groups out-voted the first by five votes."

Since convertibility was the major theme of his report, since such convertibility could only be effected by devaluation, and since indeed he initiated the subject in the Economic Committee, Mr. Eccles must accept credit for having helped to hasten, despite an initial defeat, the date when Britain had to revalue the pound. It is also worth recording that while Eccles as *rapporteur* acknowledged and represented in his report the view of the majority who had out-voted him, he could not but mention that some were still dissatisfied, and that there were two amendments, one in the name of M. Bonnefous of France and M. Ohlin of Sweden, and another in the name of Mr. Boothby which still sought "to insert in our report a proposal for immediate readjustment of exchange rates." Thanks to the vigorous objections of Dalton, who as Seymour Cocks said, "threw both amendments into the Rhine," the amendments were defeated. The official report of the Assembly's thirteenth sitting dated Friday, September 2, 1949, is the record of the Tory attitude to devaluation. As it was condoned, if not inspired and supported, by Macmillan, the leader of the Tory delegation, it mocks the present professions of the Tory Party in attacking the Labour Party for acquiescing at last in the policy of devaluation.

To sum up the economic policy of the Labour Members at Strasbourg, it may be stated thus: not to accept any economic principles which run counter to the policy of full employment; not to accept a co-ordination of policy with other countries for deflationary purposes which would lower Britain's standard of life; and not to forsake Britain's Commonwealth attachments. In a positive sense, the Labour Members urged that there should be *structural* changes in Europe's economy with a view to making the best use of its resources—planning of capital investment, a

proper division of labour between countries, specialisation, standardisation, joint agencies of consultation, in short, the reverse processes to those which the economic liberals advocated.

The Committee of Ministers has referred the Economic Report to the O.E.E.C. for consideration. That has the air of a practical joke to the men, whether Tories or Socialists, who at Strasbourg sweltered through August, 1949, complaining of O.E.E.C.'s inadequacy. But Socialists should not accept either the sterility of the Ministers' attitude or the capitalist orthodoxy of the major part of the Eccles Report as the dead-end of European co-operation. There is a force of events which during the war drove countries as diverse as Britain and Russia to form agencies of co-operation. To-day, the countries of Europe are impelled by their common needs to devise common solutions. If a Socialist Europe is the only way in which their problems can be ideally solved, it is none the less true that the more we adopt in the meantime Socialist methods of organisation and planning on a European scale for the public good, the nearer we will get to these ideal solutions.



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