Title of Lesson Plan: The Origins of European Economic Cooperation and Integration

Grades: 9-12

Brief Description: In this lesson, students will learn about the arguments made in favor of European economic cooperation and integration after the Second World War.

Time: 2-3 days

Objectives: By the end of the lesson, students will be able to:

- evaluate the arguments made for economic cooperation and integration
- synthesize the information to create their own argument about economic cooperation and integration

Materials Needed:

A. Handout of “The Origins of the Schuman Plan”
B. Copy of the “Marshall Plan” speech
   (http://www.oecd.org/document/10/0,3746,en_2649_201185_1876938_1_1_1_1,00.html)
C. Copy of “Letter from Jean Monnet to Robert Schuman”
   (http://www.cvce.eu/recherche/object-content/-/object/5cc6b004-33b7-4e44-b6db-f5f9e6c01023/232ed0b4-3bfa-43ab-a44d-313de4e04e21/51fbe33e-e562-4f5c-814c-496fbacf241d/en)
D. Copy of the “Schuman Declaration” (http://europa.eu/about-eu/basic-information/symbols/europe-day/schuman-declaration/index_en.htm)
E. Copy of “The Ruhr has replaced the United States as France’s main coal supplier”
   (http://www.cvce.eu/recherche/object-content/-/object/5cc6b004-33b7-4e44-b6db-f5f9e6c01023/2fb10190-1c05-4f51-a96e-7fb1d95c1ee6/1b5bdd2c-514b-4d13-8223-aebb37b9ab95/en)

Directions:

1. Day One: Students will read and the historical background piece, “The Origins of the Schuman Plan.” The instructor will answer any clarifying questions and add any relevant information pertinent to the curriculum (i.e. information on Europe between 1914 and 1945). For Day Two, assign students the “Marshall Plan speech” and the “Letter from Jean Monnet to Robert Schuman.”
2. Day Two: Hand out the discussion guide and discuss the first two sources. The instructor will want to address some of the more important points of the sources. For Day Three, assign students the “Schuman Declaration” and “The Ruhr has replaced the United States as France’s main coal supplier.”
3. Day Three: Discuss the last two sources. The instructor will want to address some of the more important points of the sources. Assign the Big Picture Questions and collect the discussion guide when complete.
Assessment: The assessment for this lesson is the “Discussion Guide.”

Extension: Students may want to examine some of the current articles on the Eurozone crisis and discuss whether or not economic cooperation and integration is still worth it. Some of the more useful sites are:
- Crisis in the Eurozone (http://www.cfr.org/thinktank/iigg/crisis/index.html)
- Euro Crisis (http://www.spiegel.de/international/topic/euro_crisis/)

Educational Content Standards (WI Model Academic Standards)
History, B.12.2 Analyze primary and secondary sources related to a historical question to evaluate their relevance, make comparisons, integrate new information with prior knowledge, and come to a reasoned conclusion

History, B.12.8 Recall, select, and explain the significance of important people, their work, and their ideas in the areas of political and intellectual leadership, inventions, discoveries, and the arts, within each major era of Wisconsin, United States, and world history

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The Origins of the Schuman Plan

The international context

After the Second World War, France faced a dilemma with regard to its large German neighbour. Even though it dreaded the prospect of Germany’s rearmament and the revival of its militarist tendencies, it could plainly see that Western Europe was at risk from external attack. Europe was increasingly divided into two opposing blocs and was undoubtedly in danger of once again becoming the theatre of operations in the event of an East-West conflict. The warning signs increased in number. In July 1947, the Soviet Union rejected the Marshall Plan for economic aid to Europe, as did the satellite states in its wake; together they rapidly established the Communist Information Bureau (Cominform), followed by the Council for Mutual Economic Assistance (CMEA or Comecon). In April 1948, after the Western Allies took the unilateral decision to implement a monetary reform in their occupation zones in Berlin, the Soviets imposed a blockade on the access routes to the city. But this measure met with failure one year later thanks to the establishment of a vast airlift by the Americans, which enabled supplies to be brought to Berlin. On either side of the iron curtain, positions became increasingly entrenched, as demonstrated by the Treaty of Brussels of 17 March 1948, the establishment of Western Union, and the signing of the North Atlantic Treaty in Washington on 4 April 1949. The explosion of the first Soviet atomic bomb in Kazakhstan was also a sign of this deepening division. It marked the end of the US nuclear monopoly and therefore had considerable psychological and strategic implications. Finally, the start of the Korean War in June 1950 raised fears of a Third World War. Fear once again reigned in Europe. The intensification of the Cold War and the Communist threat gave the Federal Republic of Germany (FRG) particular geopolitical importance. In this context, the question of defence in Western Europe became more urgent with every day that passed. The United States and the British who, with the French, occupied the German zones — which officially became the FRG on 23 May 1949 and enjoyed full democratic powers — were determined to make use of Germany’s industrial potential and to make it a key part of their defensive strategy.

But for the French Foreign Ministry, Germany’s rearmament was only conceivable if it took place within a European defence structure that would provide a solid framework. For its part, the United States was in favour of German rearmament, but through its integration into NATO. The aim on all sides was to secure the FRG’s position in the Western camp. Realising that it had an increasingly important role to play, Germany began to express its own views. In Bonn, criticism of the international supervisory measures still imposed on the country became more and more prevalent. People protested against the continued dismantling of factories by the victors and the Allies’ monitoring of Germany’s foreign policy and foreign trade. The question of the Saar, which was economically attached to France in March 1950, remained a bone of contention between Paris and Bonn. Konrad Adenauer, elected Chancellor in September 1949, endeavoured to secure his country’s membership of the International Authority for the Ruhr (IAR) on an equal footing. One month later, Germany joined the Organisation for European Economic Cooperation (OEEC), which had been established by the convention signed in
London on 16 April 1948. In November, the Petersberg Agreement between the Three and the FRG enabled consular and trade relations to be re-established, slowed down the dismantling of factories and officially demonstrated the desire to welcome the FRG into the community of Europe. Efforts were also made for the accession of Federal Germany as an associate member to the Council of Europe, an organisation established by the statute signed in London on 5 May 1949.

France, keen to normalise its political and economic relations with Germany, sought an original diplomatic solution. For Jean Monnet, Commissioner-General of the French National Planning Commission, and for French Foreign Minister Robert Schuman, it was imperative that German heavy industry be integrated within an economic organisation that would provide an effective but not overly heavy-handed means of control. They believed that the solution was the establishment of a supranational authority responsible for governing coal and steel production in the two countries, with the possibility of extending it to other interested European countries. This was to be the main thrust of the Schuman Declaration of 9 May 1950. For Germany, this was a guarantee that they would see the end of the IAR, an organisation they considered discriminatory. The invasion of South Korea by North Korean troops, an event which occurred less than a week after the opening of negotiations in Paris on the establishment of a European Coal and Steel Community (ECSC) between the Six (Belgium, France, Germany, Italy, Luxembourg and the Netherlands), profoundly altered the international order. At a European level, the risk of war increased the demand for steel, temporarily removed the fear of overproduction and, in so doing, lifted the threat of closure for less profitable plants. This was a positive factor for the negotiations on the Schuman Plan, in which a large number of workers’ and employers’ trade unions were involved.

**Franco-German problems**

At the end of the war, France was seriously concerned about its own security and economic prosperity. At the same time, it realised the extent to which its future depended upon the domestic situation in Germany. The German regions of the Saar and the Ruhr, occupied by France under the war reparations scheme, were amongst the richest and most productive coalfields in Europe. Their strategic significance also derived from the fact that the coal and steel produced in the Benelux countries was still being used first and foremost to meet domestic demand.

The situation was not made easier by the existence of cartels. Despite Allied bombing and destruction on a large scale, Germany’s industry was able to sustain levels of production that were almost equal to pre-war levels. Furthermore, the considerable economic assistance that West Germany received under the Marshall Plan allowed it to reduce its trade deficit and establish a new monetary system. For the Western Powers, the rebirth of capitalism in Germany was seen as an effective bulwark against Communism. This period witnessed a gradual revival of the cartels, consisting of groupings of the biggest German companies that sought, through the use of single sales agencies, to control the domestic market and undermine competition. But the Allies viewed these coal and steel cartels as the relics of the Konzerne which, during the inter-war period, had
helped to generate the Third Reich’s capacity for destruction. France also realised that its industries could not compete on an equal footing with the German cartels. Accordingly, control of the coalfields and the break-up of monopolies in heavy industry became a critical factor in post-war Franco-German relations and an unavoidable precondition of European integration. If peace and prosperity were to be guaranteed across the continent, the question of the Ruhr and the Saar could be resolved only by peaceful means. A solution at European level was the only way to ensure lasting peace.

At the same time, Konrad Adenauer, the German Chancellor, wanted West Germany to regain complete territorial sovereignty, and he made repeated public statements in favour of a Franco-German union. In November 1949, he went so far as to propose a plan for a merger of Franco-German heavy industry and gave his support to the creation of an international body to control the mining and industrial regions of Germany, Belgium and France. The Chancellor hoped that this would serve as a lever with which to resolve the problem of the Saar and the Ruhr in a peaceful way, placing them in a broader European framework based on the recognition of Germany’s equal rights alongside all its partners.

Because of its position of political and military weakness, the Federal Republic of Germany had everything to gain from a form of European unity that aroused hopes of sanctions being relaxed and equal rights established. The establishment of a High Authority for coal and steel would therefore put an end to Germany’s inferior status, since it meant that the other partner countries also accepted a system of control that was supranational in character.

**The Monnet Plan**

Jean Monnet, Commissioner-General of the French National Planning Board, considered that prosperity and social progress depended absolutely upon closer economic ties between European States. This conviction was drawn from his considerable international experience, from the lessons learned from the War, and from his close ties with American businessmen and diplomats. In particular, he was the French Provisional Government’s representative in the European Coal Organisation (ECO) and was responsible for negotiating, with the Americans, the allocation of Marshall Plan funds for the modernisation of France.

At the end of the war, he drafted the first revival and modernisation plan for France. He considered that economic cooperation with Germany was essential, particularly given its central position in Europe and its industrial potential, which the War had left largely unscathed. It was, without doubt, still too early to move towards total economic union at European level because of the vast discrepancies in prices, wages and tax regimes. Nor was the general public ready for it. At the end of the 1940s, several plans for limited customs unions, which could have helped generate economic integration in Western Europe, proved to be failures. Therefore, what was required was a new approach that would enable gradual progress to be made.
The idea of a European industrial pool began to appear regularly in the French press at that time, and from then on it was openly discussed in diplomatic circles. Monnet was very open to those ideas, since he was also seeking a way to alleviate Franco-German tension, and he was concerned by the threats arising from the Cold War. He believed that it would be extremely difficult to build a European edifice from the top down, a method which was often called for by the federalist movements. He foresaw, instead, a Europe that was built on a functional basis by integrating key sectors of the economy in order to create genuine solidarity between the partners. For this reason, from the spring of 1950 onwards, he began to consider the establishment of a common market based on the coal and steel sectors, which were vital for both civil and military industries. However, his plan differed from most of the international cooperation plans under consideration in the steel sector, since, from the outset, Monnet presented the coal and steel pool as an indispensable but transitional stage on the way to creating a European federation.

Putting coal and steel under international control also made it possible to envisage the end of Allied control over the Ruhr with confidence, and it eliminated all risk of industrial cartels being created in the German coalfields. On this basis, both France and Germany would agree to submit to international controls, in order to ensure that the common market in coal and steel ran smoothly.

Jean Monnet also knew that he could count on the support of the US High Commissioner in Germany, John McCloy, who also called for closer Franco-German ties and hoped that France would soon take steps in this direction.

**The pooling of coal and steel**

There were two main reasons why Jean Monnet proposed the pooling of coal and steel in 1950.

The six Member States of the future ECSC used coal more than any other fuel, and the Ruhr was the principal region for coal deposits. At that time, coal alone accounted for nearly 70% of fuel consumption in Western Europe. Although the Six together with Great Britain accounted for only 20% of total world coal production, they had an almost total monopoly over supplies in Western Europe. Coal from Eastern Europe was becoming more and more scarce, while American coal was still very expensive and could be bought only with dollars, which were exactly what Europe lacked. French steel companies imported most of their coal, and the pooling of Franco-German resources provided a guarantee of free access to coal from the Ruhr, even if the International Authority for the Ruhr, in which France was actively involved, were to be abolished. The creation of a European pool made it impossible for Germany to sell its coal at high prices and, in so doing, cause difficulties for French industry.

Steel was the most important raw material for weapons manufacture and for industry in general. In the absence of any effective coordination of European plans for economic recovery, each country developed its own steel capacity in relative isolation, and this carried the risk of over-production. A more fundamental French concern was that steel
production in Germany would be controlled by strong industrial cartels and that the steel would be used for weapons production, which was what the French feared most of all. The pooling of steel was therefore seen as a means of destroying the cartels’ potential influence and preventing future rearmament. Finally, from a symbolic point of view, the pooling of steel necessarily meant that a new Franco-German war would be out of the question.

In terms of how to proceed, Jean Monnet, who, in 1947, had initiated the planning process in France, could not envisage a common market for coal and steel that operated properly and was accessible to other interested countries without a certain degree of central control in order to guarantee a more coherent industrial policy in Europe. The coal and steel pool affected 150 million consumers.

**The European institutions**

Jean Monnet believed that effective institutions were needed to exercise control over the planned Common Market. The sectors that were to be pooled were to be managed by an independent institution that would guarantee free competition, combat the creation of cartels, eliminate discriminatory practices, guarantee consumers equal access to supplies and coordinate investment. The supranational authority would have its own financial resources and would be responsible for managing the common market. It would facilitate the opening up of markets through flexible methods of support and control. To fulfil these tasks, it would operate as a collegial body with independent members, with a view to becoming the embryo of a European government.

Discussion Guide: The Origins of European Economic Cooperation and Integration

Read the sources and answer the following questions. Make sure you use examples from the sources to support your answers.

“Marshall Plan” speech
What were the immediate issues facing Europe in 1947?

How would the Marshall Plan benefit: a) Europe, and b) the United States?

Why did Marshall argue that European nations needed to cooperate in order to succeed?

Letter from Jean Monnet to Robert Schuman
According to Monnet, why did the United States wish to see Western Europe recover?
Why did Monnet argue that European nations should collaborate?

Schuman Declaration
Why is the Franco-German relationship crucial for any sort of European federation?

Why does Schuman argue for the “pooling of coal and steel production”?

The Ruhr has replaced the United States as France’s main coal supplier
Why would France benefit from receiving more coal from the Ruhr and less from the United States?
Big Picture Questions
Why would France want to pool its coal and steel resources after 1945? Why would Germany? (Hint: Think about the history between the two nations)

What are the benefits and detriments of belonging to supranational organizations?