

## 'A European economy' from Die Welt (6 September 1949)

**Caption:** On 6 September 1949, the German newspaper Die Welt considers the issues and the difficulties involved in European economic cooperation.

**Source:** Die Welt. Unabhängige Tageszeitung. Hrsg. Küstermeier, Rudolf ; R Herausgeber Scherer, Hans. 06.09.1949, Nr. 134; 4. Jg. Hamburg: Die Welt. "Europa-Wirtschaft", p. 2.

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## A European economy

A European economic union, which had been an aim and ideal not only at the time of Briand and Stresemann but even before the First World War, has now also been called for by the Consultative Assembly in Strasbourg in its economic policy recommendation to the Council. The objective of a European economy remains the same, but, because of the disastrous state of Europe's currencies, a new approach will have to be taken.

A European economy means freedom of movement of people, capital and goods in Europe so that all goods are produced where production is cheapest. By lowering costs, purchasing power can be increased. Before the First World War, the free movement of people and capital was commonplace, and this trend seemed to be being repeated during the period between the two World Wars. The main issue at the time was the abolition of customs and excise duties. Customs union and customs association were terms more commonly used than economic union. 'Down with customs duties!' was the common slogan, and the reduction of customs duties was the main subject at the world economy and customs simplification conferences. Currency issues were dealt with on the side and accorded the same significance as demands for a European stamp.

If the situation had remained more or less unchanged, then only one decision could have been expected from a European Assembly: at midnight on New Year's Eve of 1950, all customs barriers will fall in Europe just as they did once in Germany on New Year's Eve of 1834. Unfortunately, however, the efforts made to create a European economy have been overshadowed by the chaos affecting currency policy. Just like foreign currency quotas, customs barriers hardly count any more. Trade is stagnant, since nearly all European currencies operate solely as domestic currencies, thus enabling only a limited amount to be exchanged and converted. The Consultative Assembly in Strasbourg has therefore focused on measures for the restoration of free convertibility.

The free movement of foreign currency in Europe will not be possible until each country has put its own house in order, as Belgium did thanks to a clever currency policy assisted by favourable circumstances which made its francs convertible and, hence, attractive. However, a motor is needed to prompt countries, through open criticism, to take action. The OEEC, the Paris-based organisation aiding the European economy under the Marshall Plan, would be the proper body. It has, however, proved to be a disappointment. Hardly anyone spoke in favour of the OEEC during the meeting in Strasbourg. Critics argued that its work was that of experts, technical staff, who worked behind closed doors; delegates' standpoints regarding the economy were argued from a nationalistic and not from a European perspective. Nothing was done to create a European feeling of economic responsibility. Thus, a further institution was called for in Strasbourg. It would be responsible for tabling recommendations for the coordination of Europe's economies, but they would be simply recommendations. The decision would continue to lie with the individual countries themselves.

Unfortunately, the Strasbourg debate highlighted the strength of national positions and of the opposition. Some speakers pleaded for caution, warning of illusions. Delegates from Great Britain and the Scandinavian countries were the most aloof. For them, other areas are reality. For the British, it is the British Commonwealth, which is a currency union, even an economic unit, although customs barriers still exist. The Scandinavians are obviously more interested in the sterling area than in a European economy, which up until now has only been outlined on paper. This would leave the countries in the west and south-west of the continent as the sole supporters of a European economy. The Benelux countries, which still are squabbling over the non-convertibility of the guilder, and the Franco-Italian customs union, which has not moved on from the negotiating table, might be the first candidates.

Nearly all speakers stressed that West Germany had to be included in the process. The only important exception was Paul Reynaud: Germany's presence would not contribute to a solution, as Germany would be the most ailing patient of them all. That was the opinion of France's former Prime Minister. There was noticeably little talk of Europe behind the Iron Curtain.

French delegates such as Paul Reynaud and André Philip placed particular emphasis on the fact that Europe would have to choose between a European economy and an inconceivable catastrophe. In the opinion of the representative of Socialist France, Europe's current problems cannot be solved through national policy measures. Radical restructuring was necessary. Unfortunately, similar things have been said rather too often, so that such arguments have lost some of their thrust, with the outcome that many no longer acknowledge that that is the case.

The Consultative Assembly, which agrees with this opinion, deems the only solution to be a European economy. However, as was the case between the two World Wars, the decision lies with the individual European nations. At that time, there was a lack of courage to act decisively. Unfortunately, there is no evidence that might point to the conclusion that, this time, Europe's nations will establish a new policy.