

III. The European League for Economic Co-operation (ELEC)

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Introduction

Efforts to do away with, or at least alleviate, the burden imposed on European national economies by customs barriers led between the wars to the foundation, mainly under French auspices, of an association of experts entitled the Union Économique et Douanière Européenne. The French section of this organization, in particular, succeeded in resuming its activities immediately after the war. However, by the end of 1945 it had split into two bodies with different programmes: the Union Économique et Fédérale Européenne, aiming at action on a broad front, and the Comité d'Action Économique et Douanière, led by Lacour-Gayet and, increasingly, Daniel Serruys,¹ which concentrated on advocating specific and limited measures of economic policy.²

Paul van Zeeland, formerly prime minister and subsequently foreign minister of Belgium,³ who took part in the specialized meetings of the Comité

d'Action from the end of 1945 onwards,⁴ sympathized with the initial limitation of its aims (doc. 47) and, on that basis, took the initiative towards expanding its organization and increasing its influence in other countries; this eventually led to the foundation of the European League for Economic Co-operation.⁵ In a letter addressed to Belgian politicians, economists, members of parliament and trade unionists, and also to friends from his years of exile in London,⁶ van Zeeland urged the need for a non-governmental initiative to bring about a European economic and cultural union, the main emphasis being laid firmly on economic affairs.⁷ Thanks to his international contacts and the positive reaction to his approach, during 1946 and the first half of 1947 he was able to enlist heads of national sections: Motz in Belgium, Konsbruck in Luxemburg, La Malfa in Italy, Kerstens in the Netherlands, and Sir Harold Butler in the UK.⁸ The process of founding these sections was not completed till 1948, or 1950 in the case of Italy; but the nucleus of the British section, which was to become so important, already existed by the autumn of 1946: its members, besides Butler, were Sir E. Beddington-Behrens, Lord (William) Beveridge, Sir C. Gubbins and Sir W. (afterwards Lord) Layton.⁹ However, the British section was not formally constituted till the spring of 1947. Serruys' Comité d'Action, after unsuccessful attempts to found a French

1 Jacques Lacour-Gayet: director of economic studies at the Banque de France, 1930; Chef de l'Inspection Générale des Finances, 1939; Daniel Serruys, High Commissioner for the National Economy.

2 Cf. W. Lippens, *A History of European Integration*, vol. 1, Oxford 1982, pp. 334 ff., and the following publications by the Committee: H. Alphand, *La Coopération Économique en Europe libérée*, Paris, 1945; L. Baudin, *Qu'est-ce qu'une nationalisation?*, Paris, 1945; H. Callender and A. Istel, *L'économie de guerre des États-Unis*, Paris, 1945; E. Giscard d'Estaing, *Nationalisations*, Paris, 1945; H. Helbronner, *France et Occident européen. Conférence prononcée le 10 juillet 1945*, Paris, 1945; E. Mercier, *La Conférence de Rye (novembre - décembre 1944)*, Paris, 1945; G. Norman and A. Goldet, *L'Économie de guerre de la Grande-Bretagne*, Paris, 1945; R. Picard, *La Reconversion économique aux États-Unis. De l'Économie de guerre à l'économie de paix*, Paris, 1945.

3 Paul van Zeeland, born 11 Nov. 1893; professor of economic sciences at Louvain (Leuven), 1928-40 and from 1945; prime minister of Belgium, 1935-7, and foreign minister, 1935-6. In London during the German occupation of his country, he directed the Belgian research centre for postwar questions. Member of the Parti Social Chrétien (PSC) from 1945. Foreign minister, 1949-54.

4 Cf. Comité d'Action Économique et Douanière, Paul van Zeeland: *Belgique et Occident Européen. Conférence prononcée le 15 octobre 1945 sous la présidence de D. Serruys*, Romainville/Seine, published by SPID, Paris, 1945. Cf. also L. de Sainte-Lorette, *L'idée d'union fédérale européenne*, Paris, 1955, p. 114, which dates van Zeeland's participation from 1946 only.

5 For this and the further development of ILEC/ELEC cf. O. Philip, *Le Problème, de l'union européenne*, Neuchâtel, 1950, pp. 178 ff.

6 See especially J. Retinger, *Memoirs of an Eminence Grise*, Brighton, 1972; for Retinger's career see Lippens, *History*, p. 336n.

7 Cf. the prospectus *La LECE*, Paris, 1951, p. 5; Philip, *Problème*, p. 178; de Sainte-Lorette, *L'idée*, pp. 114 f. It has unfortunately not been possible to trace the letter.

8 R. Motz, senator, president of the Parti Libéral Belge; G. Konsbruck, former Luxemburg minister; U. La Malfa, co-founder of Partito d'Azione (Action Party), 1942, afterwards member of the Republican Party; P. Kerstens, senator, former Dutch minister for the economy; Sir H. Butler, public servant and diplomat, director of the International Labour Office from 1932 to 1938.

9 Sir E. Beddington-Behrens, Permanent Secretariat of the League of Nations, 1921-4. Sir C. Gubbins held important positions in industry after a military career. Lord (William) Beveridge, economist and statistician, assistant to Winston Churchill at the Board of Trade from 1908; having studied German practice, he introduced labour exchanges and unemployment insurance; director of London School of Economics, 1919-37; master of University College, Oxford, 1937-44; report on *Social Insurance and Allied Services*, 1942, and *Full Employment in a Free Society*, 1944 (the 'Beveridge plan'). Cf. E. Beddington-Behrens, *Look Back, Look Forward*, London, 1963, pp. 177 f.

The plan to set up national committees in Portugal, Switzerland, Austria and Sweden, also in Czechoslovakia, was unsuccessful (Retinger, *Memoirs*, p. 212).

Committee, transformed itself by June 1947 into the French section of the new organization.¹⁰

On the basis of the British, Dutch, Belgian and Luxemburg groups in existence early in 1947, an umbrella organization was founded on 7 March under the title of the Ligue Indépendante de Coopération Économique (LICE; ILEC in English),¹¹ with a provisional Central Committee which drafted and published a statement of its aims (doc. 48).

When the European Recovery Programme (ERP) came into being only three months later, ILEC, which had established firm contact with a committee of economists in the United States,¹² saw a welcome opportunity to fill in the outline provided by the Marshall plan by publicly advocating specific proposals for co-ordinated action by European countries in key economic sectors.¹³ For this purpose van Zeeland, Retinger (former assistant to the Polish prime minister Sikorski), and key members of the British group met in London on 20 June 1947¹⁴ and drafted a memorandum which was amended and adopted in Paris ten days later, together with a resolution welcoming the Marshall offer and calling in particular for the abolition of restraints on trade (doc. 51). This reflected the economic liberalism of most members of ILEC, a factor which also accounts for the caution with which matters of social policy were referred to in the memorandum.¹⁵ ILEC's authority was enhanced by the fact that its members included international personalities and acknowledged experts, who had been in close touch with their governments since the organization was founded. At the same time, the Paris memorandum confirmed the limitation

10 Cf. Retinger, *Memoirs*, p. 211; Philip, *Problème*, p. 178; de Sainte-Lorette, *L'idée*, p. 115.

11 The foundation of the League is dated May-June 1946 by Philip (*Problème*, p. 178) and Retinger (*Memoirs*, p. 210: 'The League was started in Brussels in June 1946'). This is correct in so far as the establishment of a Belgian group by Spaak, Motz, van Zeeland and Retinger gave the signal and provided the model for groups in other countries.

For the organization of the League and its method of operation cf. the pamphlet *ELEC 1946-1950*, pp. 4-6 (ELEC Archives) and Lipgens, *History*, p. 340.

12 Cf. Retinger, *Memoirs*, pp. 212 f., according to which van Zeeland, Konsbruck and Kerstens met with the American group in New York in March 1947. However, the record of this meeting in the ELEC Archives is dated 1 April 1947; it names the Americans concerned as A. Berle (chairman at certain sessions), Franz Leemans and Nelson Rockefeller.

13 Cf. Retinger, *Memoirs*, p. 213.

14 Cf. *Notes on ILEC Meeting held at 99 Park Lane, W.1, 20th June 1947* (ELEC Archives). Those present were Butler, Beddington-Behrens, Layton, Harold Macmillan, Price, Retinger, Salter, Tewson (TUC) and van Zeeland.

15 Philip (*Problème*, p. 179) speaks of the French team as 'une association groupant l'élite du libéralisme moderne en France'; similarly van Zeeland in his speech of 8 May 1947 (doc. 50): 'a liberal independent organization'. The ELEC never regarded itself as tied to any political party, however, including as it did such personalities as van Zeeland (PSC) and Tewson (Labour).

of the organization's terms of reference to Europe (it had originally been conceived as worldwide in scope), and the US section was accordingly dissolved. At the Hague Congress in June 1948 the League, which had largely determined the course of the Congress's discussion of economic policy, officially changed its name to Ligue Européenne de Coopération Économique (LECE, in English ELEC).¹⁶ In November 1948 the organization was formally registered under Belgian law, with Statutes including a precise statement of its aims (doc. 54).

The association was from the start a body of experts, intended to remain a small group and not seeking mass support.¹⁷ On this basis, and given its relatively early origin – ILEC was already functioning by mid-1947 – the association played a part from 1947 onwards in the first attempts to co-ordinate other European federalist bodies.¹⁸ Thus the European Liaison Committee on 20 July 1947, and the Joint International Committee of the Movements for European Unity on 11 November 1947,¹⁹ entrusted to ILEC, functioning as a sub-committee on economic questions, the task of studying such questions and proposing solutions.²⁰

The members of ILEC enjoyed close relations with the European Liaison Committee and the Joint International Committee, which were precursors of the European Movement. However, the formal subordination of ILEC, which continued until mid-1949, meant that its activity was very largely transferred to the upper levels of the European Movement, so that it was virtually eclipsed as an independent body.²¹ Apart from personal contacts through the increasingly dominant British section of ELEC,²² the limitation of its aims facilitated

16 Retinger officially informed La Malfa of this on 17 June 1948 (EM Archives, ELEC file).

17 Cf. Philip, *Problème*, p. 179.

18 From the beginning of 1947 onwards various contracts and attempts at merger took place with the EUF, the EPU and the UEM: cf. Minutes of 8 May and 28 Sept. 1947 and report of 10 May 1948 by the British section, all in EM Archives.

19 Cf. *Minutes of a Meeting held in Paris, July 20th, 1947* (EM Archives). The ILEC representatives, who had met in Paris on 30 June 1947, had already made a move towards co-operation with the organizations for European union. Cf. also European Liaison Committee, *Minutes of Meetings held in Paris on 10th and 11th November 1947* (EM Archives); ILEC was represented at these meetings by Serruys, Retinger, Gubbins and de Sainte-Lorette. For the organizations which eventually formed the European Movement see chapter 1.V. in this volume.

20 According to Philip, *Problème*, p. 179, this was one reason for the change of name in June 1948.

21 Cf. Philip, *Problème*, p. 180.

22 In 1948 the British section was composed as follows: Sir H. Butler; Sir E. Beddington-Behrens; A. Greenwood, CH, MP; Lord Layton, CH, CBE; Harold Macmillan, MP; S.P. Chambers (director, Imperial Chemical Industries); W. Manning Dacey (economic adviser to Lloyds Bank); Piers Debenham (economist); H. Eastwood (general secretary, United Rubber Workers); S.H. Frankel (professor of colonial economic affairs, Oxford); B. Gardner (general secretary, Amalgamated Engineering Union); Sir C. Gubbins (major-general); Lord Hailey; R.F. Harrod

its co-operation with, and absorption into, the increasingly dominant United Europe Movement (UEM). By concentrating on the need for such practical measures as tariff reductions and the convertibility of currency, the League deliberately excluded more ambitious ideas of a federalist kind, which it evidently regarded as premature.²³

In accordance with the remit of November 1947, and within the framework of preparations for the Hague Congress, the Economic Sub-committee, which was in practice identical with ILEC,²⁴ produced in March 1948 a full analysis of a whole range of economic and social problems, with proposals for the creation of a European economic union. This foreshadowed the 'functionalist' approach to which ILEC/ELEC remained faithful within the European Movement. Its recommendations (doc. 52) comprised a number of individual measures and put forward for the first time ideas of great importance, which were to lead to the first institutional steps being taken towards European union: the European Payments Union and the Coal and Steel Community. The League thus showed both economic expertise and a keen sense of what was politically and technically possible.

An Economic and Social Report embodying the League's proposals (doc. 53) formed the basis for the deliberations of the relevant section of the Hague Congress in May 1948. This document brought into clearer focus the basic decisions that required to be taken and the political conditions imposed e.g. by British hesitations, and concentrated on a few essential measures. In the Congress's final resolution the ILEC proposals were adopted with few amendments: these were mainly in the direction of laying greater emphasis on social problems, no doubt reflecting the views of the other associations concerned.²⁵

In the ensuing months ELEC, as directed by the Congress, concentrated on preparations for the economic conference held by the European Movement at Westminster in April 1949. The League dominated this preparatory work to

(economist); J. Haworth (national treasurer, Railway Clerks Association); Sir L. Hore-Belisha; E. Hulton (managing director, Hulton Press); F.V. Jenkin (general secretary, Amalgamated Union of Asphalt Workers); A. Loveday (fellow of Nuffield College, Oxford); Miss P. Elton Mayo (sociologist); Sir H. Price; Lady Rhys-Williams (Hon. Sec., Economic Research Council); P. Rykens (Lever Bros. and Unilever); Sir A. Salter, MP; P. Thorneycroft, MP; Sir R. Waley Cohen (managing director, Shell Transport and Trading Co.); R. Hall.

Philip's statement in *Problème*, p. 179, that ELEC was essentially a Franco-Belgian group is wide of the mark; it can only be explained in the light of the increasing detachment of the British group in 1949-50, when Philip's book went to press.

23 Beddington-Behrens, for instance, was a unionist and nothing more (cf. *Look Back*, passim). For a further account of the League's political approach see Lipgens, *History*, p. 340; cf. also ELEC's draft pamphlet of 1950 (ELEC Archives).

24 Cf. ELEC pamphlet, London, 1948, pp. 5 f. (Mackay Archives) and *Draft Pamphlet* of 1 Nov. 1948 (EM Archives, ELEC file). The sub-committee consisted essentially of members of ILEC, together with a few economically-interested members of the other associations responsible for the Hague Congress.

25 Cf. chapter 1. V. in this volume.

an even greater extent than it had in the case of the Hague Congress²⁶ (docs. 55 and 56). Not surprisingly, its reports and proposals were largely adopted by the conference, which was presided over by Sir H. Butler and composed mainly of industrialists, trade unionists, economists and MPs.²⁷

The Westminster conference outlined the scope of economic measures that were practicable in the near or somewhat more distant future. The next task was to work for the realization of individual objectives, and also to present the results of the Westminster conference to the Council of Europe at its first session in August 1949, where they served as the basis of discussion in the Economic Commission of the Consultative Assembly.²⁸ In the general discussion against the background of, *inter alia*, the problems of sterling, the complex issue of convertibility soon came to the fore.²⁹ The problems were analysed by a group of British, French and Belgian experts appointed by the European Movement and chaired by S.P. Chambers, a British member of ELEC who had reported on this subject at Westminster.³⁰ ELEC did not fully share his views, however, as appeared from the British group's opposition to the Chambers report.³¹ The special position and the increasing difficulties of sterling (which was devalued on 18 September 1949) led to the rejection of the report by the Assembly. This must be regarded as the first sign of the formal dissociation of ELEC from the European Movement, based on a divergence of views which became clearer as time went on.

The problem of sterling was also the occasion of an initiative by the British group of ELEC, endorsed by the Grand Council of the League in Brussels on 10 November 1949.³² Besides the British submissions, the ablest of which was by R.F. Harrod, the Council discussed a Belgian paper which showed that the currency problem was also affected by Belgian and French difficulties. The Council thereupon appointed a Monetary Sub-Committee to examine the whole question. After several meetings of British, French, Belgian and Dutch

26 For the conference cf. chapter 1.V. in this volume. The European Movement set up an 'International Economic and Social Section' based on corresponding national groups, but the latter at all levels consisted chiefly of members of ELEC. In Britain the ELEC group played so important a part that no additional section was found necessary.

27 Cf. chapter 1.V. in this volume.

28 Cf. *Mouvement Européen, Mémoire du Président de la section économique et sociale sur l'œuvre économique de l'Assemblée*, SEES 25 (ELEC Archives).

29 Cf. *Draft Resolution for the European Assembly: The Dollar Problem* by S. P. Chambers, 10th August 1949 (ELEC Archives).

30 Cf. *Draft Proposals for the Co-ordination of Financial Policy* by S. P. Chambers, 2nd October 1949 (ELEC Archives). The report appeared under the heading *European Movement, Proposals for the establishment of the free convertibility of currencies in Europe, 29th October 1949* (ELEC Archives).

31 Cf. British Section of ELEC, Minutes of 26 Oct. 1949 (Mackay Archives).

32 Cf. *LECE, Procès-verbal de l'Assemblée Générale Extraordinaire du 10 novembre 1949, tenue à Bruxelles* (ELEC Archives), and letter of 8 Nov. 1949 from the British section to its members (Mackay Archives).

experts in Brussels, Paris and London in November-December 1949,³³ the Sub-Committee put forward proposals which, after formal approval by the European Movement, were submitted to the Economic Commission of the Consultative Assembly at the opening of its session on 13 December (doc. 57). The proposals, which largely followed the lines of Harrod's paper, offered a practical solution which expressly took account of the various national positions and identified the points that still needed to be resolved. ELEC thus conformed to its original purpose as an advisory body; in mid-1950, after further discussion in the Council of Europe and the OEEC, its proposals took concrete shape in the form of the European Payments Union.³⁴

ELEC in this way reasserted, after a long period, its independence of outlook *vis-à-vis* the European Movement, while continuing to co-operate with that body. Thereafter it successfully maintained its separate status.³⁵ The Grand Council on 10 November 1949 approved changes in the leadership³⁶ and a reorganization of the League on a footing of greater administrative independence.³⁷ As it had done over the question of currencies, the League concentrated increasingly on its role as an informal adviser to the Council of Europe, for which purpose it adopted further organizational changes.³⁸ This accounts for the remarkable speed with which ELEC was able to comment on the ideas outlined in the Schuman plan (doc. 58). The general lines of its analysis and its suggestions for compromise provided important guidance in the ensuing negotiations; it also drew attention to points at which resistance was to be expected.

33 Cf. Meeting of the British section, 23 Nov. 1949 (Mackay Archives).

34 Cf. pamphlet *La LECE*, Paris, 1951, pp. 7 f. (ELEC Archives).

35 Ibid.; cf. also Philip, *Problème*, p. 180, and the rejection of a merger with the Economic and Social Committee of the European Movement (Central Council minutes of 25 March 1950, ELEC Archives).

36 After van Zeeland became foreign minister in Aug. 1949 the leadership was composed as follows: P. van Zeeland (honorary president); P. Kerstens (president, Netherlands); E. Beddington-Behrens (vice-president, UK); Baron R. Boël (vice-president, Belgium); Sir H. Butler (vice-president, UK); D. Eccles (vice-president, UK); E. Giscard d'Estaing (vice-president, France); G. Konsbruck (vice-president, Luxembourg); E. Monick (vice-president, France); J. Retinger (vice-president, European Movement); D. Serruys (vice-president, France); E. Falck (vice-president, Italy); L. Camu (secretary-general); L. Sermon (deputy secretary-general).

37 Cf. *LECE, Procès-verbal de l'Assemblée Générale Extraordinaire du 10 novembre 1949, tenue à Bruxelles* (ELEC Archives).

38 Cf. *La LECE*, Paris, 1951, p. 7 (ELEC Archives). Thus commissions were set up to deal with monetary, economic and institutional affairs respectively: cf. *Procès-verbal du Comité Central* of 25 March 1950 and draft pamphlet of 14 March 1950, both in ELEC Archives. In line with the adaptation of the League to the activity of the Council of Europe, stronger emphasis was laid on social questions: cf. *Mouvement Européen, Mémoire de Sir Harold Butler et de Mr Bob Edwards sur la conférence sociale envisagée*, dated 6 Sept. 1949 (ELEC Archives).

Altogether, both on currency questions and in regard to the problems of key industries, ELEC cultivated a realistic, practical and unspectacular approach which proved relatively effective and a clear guide to the future. To have pointed the way in this fashion is its significant contribution to the first stages of European integration.

47. Paul van Zeeland: 'An Economic Approach' 15 October 1945

P. van Zeeland, *Belgique et Occident Européen. Conférence prononcée le 15 octobre 1945*, Paris, 1946.

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Immediately after the Liberation, the French Comité d'Action Économique et Douanière was responsible for a lively series of publications and meetings. At a meeting on 15 October 1945 the former Belgian prime minister Paul van Zeeland made a speech of which extracts are given below, and in which he outlined for the first time the conception of economic co-ordination and co-operation which was to form the basis of ELEC's activity.

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(...) I suggest that we should tackle the problem from a specific and limited point of view. We shall avoid needless difficulties if we adopt an economic approach, which is the best way to achieve tangible, practical and concrete results. We shall soon find, moreover, that economic issues cannot be separated from political and social ones.

1. Basic ideas

We shall only overcome the miseries of war if we succeed in basing the world economy on two fundamental principles. The first is that of increasing the production of wealth in all its forms, using all the resources of modern technology to produce more goods. The second principle is to free trade from all the obstacles that are paralysing it: this, in my view, is a *sine qua non* of increasing economic production. (...)

If we plan to form an association in which sources of energy, markets, resources and means of production are pooled in order to create more goods for a greater number of people, then I am satisfied that we are on the right road.

2. Methods

In present circumstances I believe that a regional grouping, in order to achieve all its economic aims, must go straight for radical solutions, namely a customs union and a monetary union. Of course I know all the objections that will be raised and all the difficulties that have attended efforts to bring about a customs union. But I also know that they are not insurmountable – some monetary and customs unions have been a success. (...)

Wherever it has been possible to extend the benefits of free trade to large areas, the result has been a general increase of wealth. (...)

All I have said about the difficulties and possibilities of a customs union also applies, *mutatis mutandis*, to a monetary union. Such a union is possible and