

Influence of the US State Department on the European construction

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Talk given at Chuo University, Tokyo on 18 September 2014

A longer version of this talk is available at the following address:

<http://www.lpthe.jussieu.fr/~roehner/ocn.pdf>

Contents

- * Personal reason of my interest in the European construction
- * Summary of US policy
- * Chronology: main steps in the European construction
- * Blue-print of a powerless Europe: the Council of Europe (1949)
- * “NATO/European Defense Community” issue
- * “European Free Trade Association/European Economic Community” issue
- * “Hard Ecu/Euro” issue
- * Hidden public relations campaigns: the Rebattet story
- * The foreseeable balkanization of European nation-states

First version: 5 August 2014, comments are welcome

Personal reason of my interest in the European construction

As you may know, the city of Strasbourg in the east of France) is the official seat of the European Parliament. Perhaps less well known is the fact that it is also the seat of the “Council of Europe” created in 1949 and of the “European Court of Justice”.



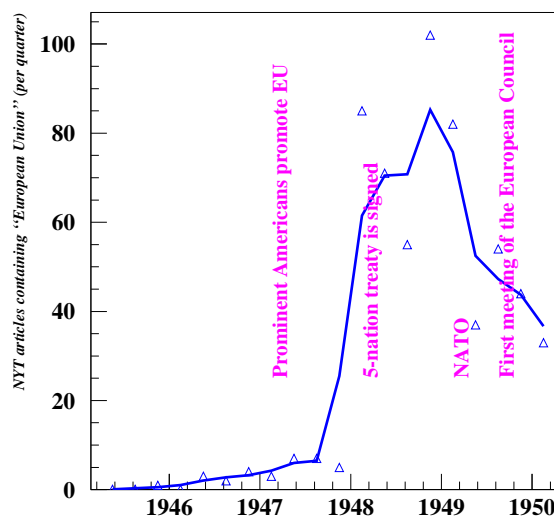
Summary of US policy

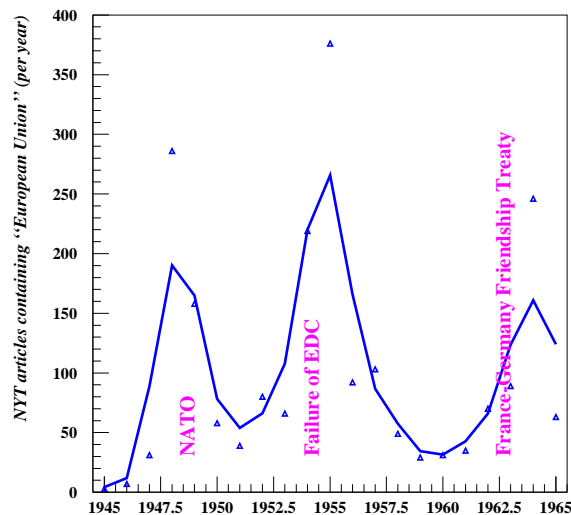
Our main objective in this lecture is to show that in spite of a seemingly random succession of events it is possible to discern a hidden order if we look at them in the right way. It is in this sense that the present investigation is expected to give a more scientific view.

In the present section, we first show that the United States had indeed a strong interest in European unification and then we state the two principles which seem to direct their actions.

The fact that there was in the United States a great interest for European unification can be seen through the number of articles published in the **New York Times** which contained the expression:

“European Union”





The **policy of the State Department** with respect to Europe can be summarized as follows.

- For all organizations which were working under clear US leadership, such as NATO (or the failed EDC), it tried to obtain a high degree of integration and efficiency.
- For all organizations which did not function under US leadership, it tried to promote a structure as weak as possible or to get rid of them.

Examples of the second kind are the “Free Trade Association” promoted by the UK as a soft alternative of the “European Economic Community”, or the British “Hard Ecu” project which was in fact a watered-down version of the euro.

One must recognize that this diplomacy is carried out in a very clever way. This can be seen in two ways:

* All projects, whether of the first kind or of the second kind are introduced not by the United States but by Euro-

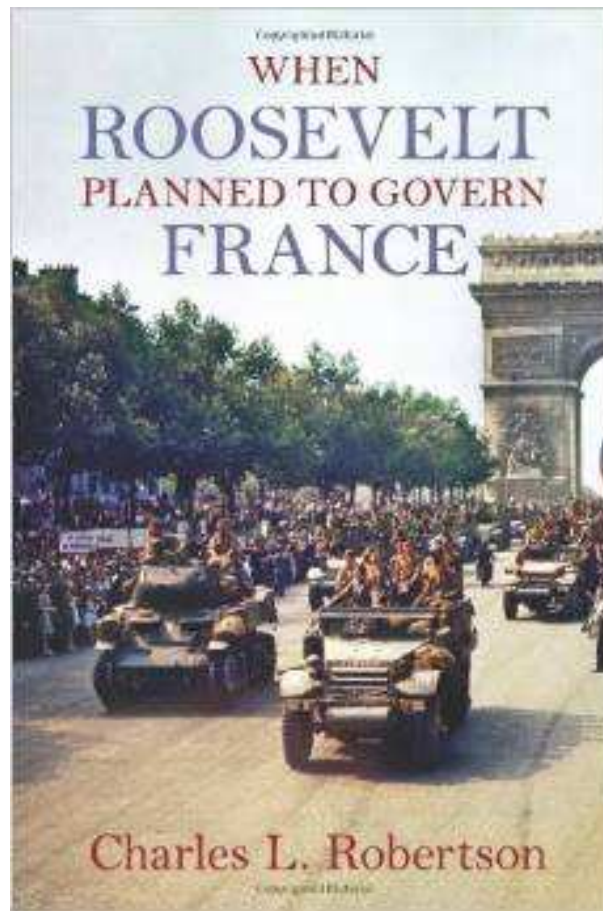
pean countries, most often by the UK but sometimes also by France.

* In cases where the United States would like to eliminate an opponent or change an unwelcome policy there will be *behind the scene wire-pulling*. Thus, if a public relations campaign is planned, it will be carried out by the media (not only the US media but even European media).

When a speculative wave hit the UK, Greece or Portugal, it would be attributed to US and European speculators, banks and hedge funds. In short, the State Department never appears on the stage and in full light..

In the following book, the title is very clever in the sense that it suggests the obvious reply “He did not, of course!”, thus taking the attention away from more hidden forms of influence implemented during the occupation of liberated countries by US forces¹

¹The cover of the book shows the Champ Elysées parade of French troops that took place on 26 August 1944 that is to say shortly after the liberation of Paris. Three days later, on 29 August, there was a parade of US troops, also on the Champs Elysées. Incidentally, there had been a parade of German troops on 14 June 1940.



For instance, do you think the United States sees the euro with favor or with displeasure? In a moment I will try to provide an answer but, as you will see, it will not be an easy task.

In what follows the previous rules will be illustrated through several episodes.

Chronology: main steps in the European construction

1 1948 (April): Creation of NATO

2 1949 Creation of the Council of Europe, now 47 country members. It is much concerned with human rights.

1950 (May) Project of the European Coal and Steel Community, comprising a Court of Justice, a Parliament and a High Authority.

1950 (Oct) Project of the European Defense Community.

1954 (Aug) Failure of the European Defense Community.

3 1957: Creation of the European Economic Community (Treaty of Rome)

4 1992: Maastricht Treaty → creation of the euro and opening to East European countries.

5 2002: Introduction of the euro.

6 2009: Formation of the European Union (Lisbon Treaty), currently 28 members.

2009-2014: Eurozone crisis

The Council of Europe as a blue-print for a weak Europe

The steps in the creation of the Council of Europe were basically the same as for the ECD that will be discussed in the next section:

- (i) First a proposal made by Churchill.
- (ii) Then an European conference to make it appear as an European idea.
- (iii) Finally a public relations promotion campaign led by the “European Movement” which, as we will see later, was funded by US organizations.

More specifically:

- 19 September 1946: Speech of Winston Churchill at the University of Zurich on European unification.
- 7 May 1948: Speech of Winston Churchill at the “European Congress” (at the Hague) which he presided.
- 12 August 1949: Speech of Winston Churchill on the main square of Strasbourg for the first session of the Council of Europe.

“We go forward into this era with the support of the powerful Republic across the Atlantic”

The NATO/EDC issue

As you probably know, NATO is a military organization that is headed by a 4-star US general. He is called the SACEUR which means “Supreme Allied Commander, Europe”. The Secretary General of NATO is usually an European, but he has rather a public relation role. For obvious reasons, in European medias, the Secretary General is mentioned much more often than the SACEUR. This gives the illusion that NATO is an alliance between equals.

NATO is under US control but it is a rather loose association of armed forces. For instance there is no real integration at the equipment level. Naturally, it would be much more convenient for the United States if the NATO forces were fully integrated. For US companies it would be much easier and much more profitable to equip such a large army. This led to the proposal of a fully integrated European Army that would operate in the framework of NATO that is to say under US command.

Naturally, this proposal was not made by the United States, it was made by its mouth pieces: first **Churchill**, then the **German government** who was still under Allied supervision, and finally by the **French government**.

The first two steps are usually forgotten. Thus, the **Wikipedia** article about the EDC begins as follows:

The European Defence Community (EDC) was a plan proposed in 1950 by René Plevén, then the French Prime Minister.

The EFTA/EEC issue

Nowadays, probably few persons remember the European Free Trade Association (EFTA). It was created in 1960 by 7 countries (known in the US as the “Outer 7”) at the initiative of Great Britain, namely Austria, Denmark, Norway, Portugal, Sweden, Switzerland and the United Kingdom.

It was a loose version of the European Economic Community (EEC) which had been created three years earlier.

In what sense was it a loose version of the EEC?

- 1 The EFTA planned the progressive elimination of customs duties on industrial products, but not on agricultural products or maritime trade.

- 2 The crucial difference between the EEC and the EFTA was the absence of a common external customs tariff. Therefore each EFTA member was free to establish individual free trade agreements with non EFTA countries.

The Hard Ecu/euro issue

Nowadays, probably few persons remember the British “Hard Ecu” proposal.

It was put forward by the British Chancellor of Exchequer (i.e. Ministry of finance) John Major on 20 June 1990.

In 1979 the “European Monetary System” was created in order to set the conditions for monetary convergence. Then, on 14 June 1988 the European Summit in Hanover backed a full monetary union comprising a central bank, a project opposed by British Prime Minister Margaret Thatcher. The Hard-Ecu proposal which came two years later was an alternative and loose version of this project.

In what sense was it a loose version of the euro?

- Ecu is an acronym of “European currency unit”; it was the first name of the common currency before being replaced by the term “euro”. This currency would not have replaced the national currencies but would have circulated alongside with them.
- The “hard Ecu” would not been used by all people but only by those who had a special need for it, as for instance investors or tourists.
- The hard ecu would not be managed by a central bank but by a fund.

At some point in the late 1940s the United States was promoting an European monetary union. What kind of system would have received US agreement?

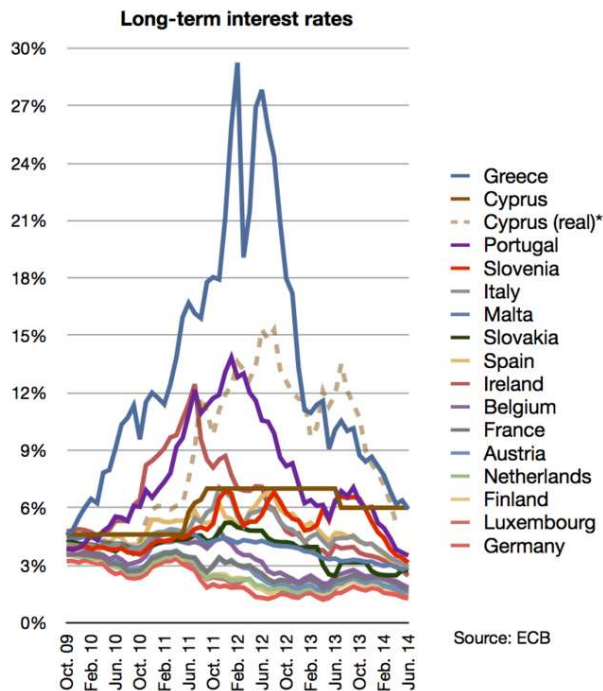
To answer this question we just need to observe the sys-

tems which indeed exist. There are of three kinds:

Dual currency Currency board Dollarization

The system of the hard ecu was a dual currency system.

Crisis of the eurozone



Source: ECB

* actual market trade values without cut-off yield for the Cyprus government bond maturing 3 February 2020

Hidden public relations campaigns: the Rebattet story

The European Movement International is a lobbying association that coordinates the efforts of associations and national councils with the goal of promoting European integration. It was preceded by the “Joint International Committee for European Unity”

The main achievement of this Committee was the organization of the Congress in The Hague. that we already mentioned. After the congress, on 25 October 1948, the Committee changed its name into: “The European Movement”.

Wikipedia tells us that the State Department discreetly funneled funds to this organizations as well as to similar organizations. The reference given in support of this statement is an article published in the British journal “The Telegraph” on 19 September 2000 which was entitled: **“Euro-federalists financed by US spy chiefs”**.

In fact, this information had been available at least since 1962 through a thesis presented by Xavier Rebattet, a French student, at the University of Oxford.

A 14 Thursday, June 26, 1975 THE WASHINGTON POST

WXP01

JUN 26 1975

CIA Is Linked to Funding Of European Unity Groups

By Bernard D. Nossiter

Washington Post Foreign Service

LONDON, June 26—As far back as 25 years ago, the Central Intelligence Agency was secretly subsidizing private political organizations promoting European unity, according to a doctoral thesis written by the son of the secretary general of the European Movement, one of the groups said to have received funds.

According to the dissertation, the CIA, using a group of distinguished Americans and its own leaders as a cover, was pumping funds into the European Movement and its affiliates.

From 1947 until 1963, the European Movement and its efforts are said to have spent an estimated \$2.8 million. Of this, the thesis says about \$1 million came from secret U.S. funds and another \$170,000 from American business firms. The Washington contribution was put at 30 percent of the total.

It has been known for some years that the CIA secretly financed political and propaganda activities in Europe such as Radio Free Europe, which broadcasts to Communist nations; youth and labor organizations, and even some publications, among them the British magazine *Encounter*. The European Movement, however, has not been mentioned among these.

A detailed account of the relationship is given in a 1963 doctoral thesis written at St. Antony's College, Oxford, by Francis Xavier Rebattet. He was in a unique position to search the records and interview those involved because his father, Georges, was deputy secretary general and later secretary general of the European Movement.

Rebattet's thesis, "The 'European Movement' 1945-1963: A Study in National and International Non-Governmental Organization Working for European Unity," was first brought to public attention by *Time* Oct. 1 a lively London weekly.

Interviewed by telephone at his Paris apartment today, Georges Rebattet emphasized that the bulk of the CIA money went to finance the European Movement's youth arm and not his headquarters. He estimated the U.S. subsidy to his own secretariat at no more than \$10,000 to \$20,000 a year.

"We knew there were people of the CIA on the American committee transmitting funds," he said, "but we were not so very interested."

Many of the European Movement leaders, he re-

called, had fought in the war, and Allen Dulles, then in the Office of Strategic Services (OSS) and later CIA director, Rebattet said it then seemed natural to work with Dulles after the war.

Rebattet said that the Americans had not pressed any policy or program on the European Movement, but that the Europeans themselves rejected. "We were not under pressure from the American committee," he said.

He recalled that, in private talks, the Americans had urged the formation of a European Defense Community (EDC), a project to overcome French fears of a rearmored Germany by creating a Western European army. But here, too, according to Rebattet, the Americans acted with discretion. The project was ultimately defeated by the French Assembly.

The younger Rebattet's thesis underscores the heavy CIA influence in the American Committee on United Europe, the body that transmitted the funds across the Atlantic. Its chairman was William J. Donovan, the wartime boss of OSS, the CIA's predecessor. Allen Dulles was vice chairman; Thomas Braden, a CIA official and now a columnist, was executive director, and Charles M. Spofford, a New York lawyer identified in the thesis as a CIA man, was a director.

Braden, recruited for comment in Washington, said his tenure with the committee was before he became a CIA officer and, as far as he knew, the funds raised in the United States were genuinely private contributions, not money from the CIA.

"So far as I know, there was no CIA money in it," Braden said. "What happened after I left, I don't know."

Another director was Gen. Walter Bedell Smith, head of the CIA from 1953 to 1963, when the U.S. funds began flowing in quantity to the private European pressure groups.

Frontmost members of the American committee included David Dubinsky of the Ladies Garment Workers Union; Arthur Goldberg, then general counsel of the CIO; Conrad Hilton, the hotel tycoon, and Lucius Clay, former commander of U.S. forces in Germany. It was an elite group, dominated by corporation executives and bankers, and limited to 600 members.

Rebattet describes the money channeled through the committee to Europe as "State Department secret funds."

Rebattet does not disclose which members of the European Movement knew that secret U.S. funds were helping finance their activities. His father thinks that the movement's first chairman, Duncan Sandys, was aware of Washington's aid. Sandy, the son-in-law of Winston Churchill, was to become a minister in a Conservative government.

The thesis indicates that Paul-Henri Spaak, the second chairman, clearly knew. He insisted, however, that the U.S. funds pay only for special projects so that the movement would be protected from being labeled as an American tool. Spaak later became Belgium's prime minister.

Donovan, the American chairman is pictured as being remarkably blunt about the committee's aims, if not its methods. He is said to have insisted that Germany must be "rearmed, something its neighbors would accept only if Eu-

rope was unified politically. Donovan's position was said to be that Europe must be united and strengthened to resist communism.

The Rebattet thesis makes clear that the biggest outlay of secret U.S. funds went to finance the European Youth Campaign. Between 1961 and 1963, this outfit got \$3.8 million in hidden subsidies.

Rebattet says this group was heavily supported because John J. McCloy, then the U.S. high commissioner in Germany, was impressed by a 1961 Communist youth rally that drew 2 million to East Berlin. McCloy wanted the west to match it, but the Europeans successfully resisted staging what was said to be such a crude propaganda exercise.

They got their money anyway, and Rebattet gives this breakdown of activities that the funds financed in 1962: 1,889 study sessions or congresses; 60 film showings; 1,546-149 brochures in 10 languages; 21 exhibitions; and printing of 2,765,000 periodicals.

Rebattet says the American committee pushed its scheme for a European army through an action committee for the supranational European Community. He reports that it got all its money from the United States, but only par from government funds. In a six-month period ending on May 31, 1963, the action committee took in \$77,000.

As for Rebattet, Francis Xavier is now 38 and a freelance interpreter. He received his doctorate for the thesis. His father, Georges, now 67, is a consultant to a private welfare agency aiding immigrant workers in France.

The foreseeable balkanization of European nation-states

This section is about the future. So, it is somewhat outside of the main topic of this talk. Nonetheless, I wish to say a few words about it because it is a matter of great concern for me.

Why should European nations face decomposition?

First, it should be noted that we are not talking here about the decomposition of the European Union but about the decomposition of the individual nations into a separate, independent provinces.

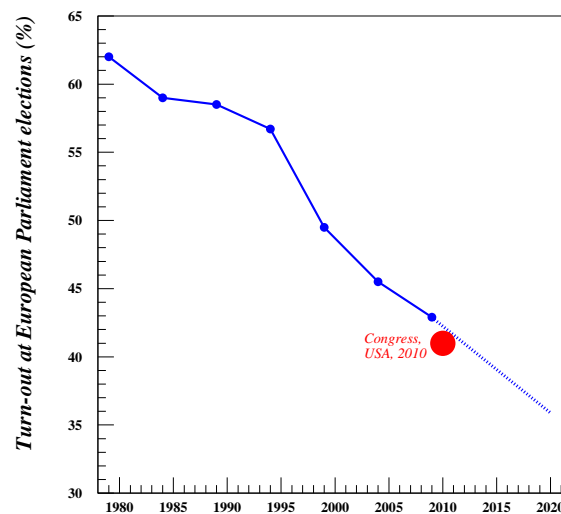
The argument is very simple. Any country is similar to a solar system in which the Sun would be the State and the planets the different provinces. As long as the attraction of the State is strong enough the provinces remain on their orbit within the country. However, if the State becomes too weak the provinces which are near the periphery will leave their orbit and move on separate trajectories.

How do we know that this analogy makes sense?

In the history of each country there have been episodes marked by a weakening of the State. This happens for instance during revolutions when the old regime has been brought down whereas the new one is still in the making. Examples are provided by the French Revolution of 1789, the failed revolution of 1905 in Russia, the Revolution of 1917 and also during the concession-era in China (1900-1949).

Between 1945 and 2014 European countries have trans-

ferred their military authority to NATO, their economic authority to the European Economic Community and to the World Trade Organization, their monetary authority to the European Central Bank, and part of their authority in foreign affairs to the European Union. In this process, the attraction power of the European states has steadily declined. If the attraction power of the European Union had grown in same proportion, there would be no problem. But, as suggested by the graph below, that was not the case. The European institutions remain bureaucratic and undemocratic. In the course of the past 35 years the gulf between European institutions and citizens has become wider and wider as shown by the following graph which gives the turnout at European elections. From 1980 to 2014 it fell steadily from 62% to 40%.



Does the following map describe the future of Europe?

