

German Policy towards Europe and the Question of Convertibility

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Introduction

In May 1945 Germany surrendered unconditionally. With this act the Second World War came to a close in Europe and consequently new tasks came into sight. Once the enemy was defeated it was necessary to reconstruct the war-shattered European economies, to stabilize the respective societies and to create an enduring global peace settlement. It was obvious that the terms and conditions of this political and economic peace settlement were to be decided by the Allies. It was evident that Germany would not take part in the respective deliberations. Likewise was it clear that German ideas would not play a decisive role. Being defeated, occupied and destroyed Germany was - above all in the immediate post-war years - in the first place "an issue" only.¹ This, however, changed quickly. While the creation of a world economic system proved to be complicated and thus protracted, the Western Zones of Germany or the Federal Republic of Germany (FRG; from 1949 onwards) became in the framework of the emerging Cold War an "occupied Ally".² In addition, it became clear that Germany was an important economic potential for the European economic reconstruction. Last not least, after World War II there was a strong notion that the mistakes of Versailles, the peace treaty after World War I which had been imposed on Germany and which had poisoned international relations, should not be repeated. All this meant that Germany's goodwill had to be secured and that both Germany and German ideas had to be considered. Thus, over the years the FRG became an ever more important and active, though not yet sovereign, player as regards the questions of a future economic and political peace settlement.

In the following I will deal with German ideas and attitudes as regards a future peace settlement. Putting the stress on monetary and economic issues I will analyze German reactions to the proposals put forward in the course

of time and I will investigate into the role the FRG and above all its monetary authority, the German Central Bank (Bank deutscher Länder (BdL) until 1957; Deutsche Bundesbank from 1957 onwards) played in bringing about a new monetary and economic order. Since, however, in the post-war period economics and politics were inseparably linked I will also comment on political issues.

The paper is structured as follows. First, I will specify the tasks ahead and discuss shortly the plans under consideration and the possible options. Second, I will comment briefly on the historiography of German foreign economic policy, thus putting the following into place. In the main part I will analyze the stance the German Central Bank took when facing the question of a monetary and economic peace settlement. However, I will not only deal with the attitudes of the German Central Bank and thus German financial circles. In addition I will include in the analysis how other circles reacted to the Bank's opinions. Thus I will be able to specify the role the Bank could play inside the German policy making process as well as elucidate the attitudes of other actors which are usually not considered extensively in this respect like for example German industrial circles as represented by the Bundesverband der Deutschen Industrie.³

The Tasks and the Options

After the Second World War the major task was to remedy the legacy of the war, i.e. to reconstruct the war-shattered European economies, to stabilize the respective societies and to create an enduring peace settlement. However, it was not only the legacy of the Second World War that was on the agenda, moreover, also the legacies of the First World War, of the interwar years and of the world economic crisis had to be tackled. To recall: the First World War had led to the Treaty of Versailles and the

severity of this treaty had not only poisoned the international relations but also it had - as his famous critic John Maynard Keynes had warned already in 1920 - hindered German economic recovery and thus had impaired _yet further ... the delicate complicated organisation, already shaken and broken by war, through which alone European peoples can employ themselves and live_.⁴ Although in the decade after World War I - as Charles Maier has pointed out - bourgeois Europe was "recast" and finally "a discernible equilibrium among economic interests, classes, and nations" had emerged, this stability was superficial and proved to be short-lived only.⁵ The world economic crisis of the late 1920s and early 1930s made the weaknesses of this settlement crystal-clear, and indeed by 1931 the economic difficulties resulted in a crash of the global monetary and economic system. In summer 1931 Germany introduced foreign exchange controls and in September of the same year the United Kingdom let the exchange rate of the Pound Sterling float freely. In the following years quantitative restrictions were put into operation and competitive devaluations were decided. Be it for the sake of the monetary reserves, be it for the sake of some employment at home protectionist tendencies blossomed and economic bloc-building was pursued. This, however, equaled "international economic disintegration" and was connected with a steep decline in world trade.⁶

After the war or, more precisely, during the war it was seen as a major task to reconstruct some economic and monetary understanding. On the one hand this system should allow international trade and it should provide some safeguards against protectionist tendencies. On the other hand, however, this system should also protect the mostly scarce monetary reserves and it should not expose industry to a too hard international competition. Furthermore, such a system should allow for reconstruction and modernization while at the same time allowing an economic policy which would take care of the aim 'full employment'.

In the course of time several plans which aimed at the establishment of an international economic order fulfilling these requirements were put forward. I would like to comment on these and thus present the three most important options open to the FRG, namely firstly the Bretton Woods System, secondly the OEEC Cooperation and lastly what came to be called European Integration.

The first attempts to remedy the legacy of the world economic crisis date back to the early 1940s and focused on the creation of a global monetary system. After lengthy, mainly Anglo-American discussions these endeavors led in 1944 to the Bretton Woods Conference. Here 44 countries agreed to establish a global monetary order based on fixed but adjustable exchange rates, convertibility of currencies, absence of exchange restrictions and an international supervisory authority, the later International Monetary Fund (IMF). Although the Bretton Woods Accord was signed and ratified by the necessary number of countries, the difficulties to realize it became soon obvious. Even after the envisaged five-year-transition-period only a small number of states was willing to accept the obligations laid down in this agreement. Thus, the global multilateral and liberal monetary order as envisaged in the Bretton Woods Accord was irrelevant for the foreseeable future.⁷ In addition, it must be noted that the concomitant world trade agreement, the International Trade Organization (ITO), on which 53 countries agreed in 1947, soon run into difficulties. While the US Congress refused to ratify this accord, only the provisional General Agreement on Tariffs and Trade (GATT) was put into operation. Although 23 countries accepted with their adherence to the GATT the application of the multilateral most-favored-nation-clause for their tariff policy, once more this episode showed clearly how difficult it was to realize a global economic understanding.⁸

Having realized the difficulties to erect a global economic system the US started to advocate regional economic cooperation within Europe from 1947 onwards. With George Marshall's speech in Harvard the US offered foreign economic aid on the condition that Europe would cooperate and that Germany would be firmly integrated within this framework of cooperation. This proposal - which came to be called European Recovery Program (ERP) or Marshall Plan - led to the establishment of the Organisation for European Economic Cooperation (OEEC) in 1948. This intergovernmental framework which was made up of initially 18, later 16 Western European members had the task to distribute the foreign economic aid and to foster regional cooperation. As a result in autumn 1948 a first, and in autumn 1949 a second Intra-European payments agreement were signed. Furthermore, in autumn 1949 the OEEC members agreed on a liberalization program for European trade. As a first step they decided to abolish quantitative restrictions on 50 per cent of private intra-European trade. With

the establishing of the European Payments Union (EPU) with which transferability of European currencies was assured and new means of payment were provided it was envisaged to rise this quota to 75 per cent.

This regional cooperation had several flaws. Apart from the fact that it was slow in providing concrete results of cooperation, the OEEC trade liberalization program dealt with quantitative restrictions on private trade without affecting the sometimes considerable portion of state trade. Furthermore, it must be pointed out that the OEEC paid no attention to tariff questions. Last not least it must be noted that escape clauses could be applied.⁹

While the intergovernmental approach as realized in the OEEC fell short from the aspirations of some countries, in spring 1950 the French foreign minister, Robert Schuman, proposed a European Community for Coal and Steel (ECSC). This proposal envisaged the pooling of the resources of the respective sectors and the administration of these resources by a new, supranational High Authority. The underlying purpose of the plan was to submit German heavy industry to international control.

After lengthy negotiations the Treaty of Paris establishing the ECSC was signed in 1951 by six Western European countries, namely France, Italy, the Federal Republic of Germany, Belgium, Luxembourg and the Netherlands.¹⁰ With this a new form of economic 'cooperation' - a supranational framework - came into being. In the following years several proposals which also aimed at some kind of supranationality were followed up. Already in autumn 1950 the French defense minister, René Pleven, proposed the creation of a European Defense Community (EDC) and in the next years this EDC and concomitant with it a European Political Community as well as a first proposal for a European customs union - the Beyen Plan - were under discussion. After the failure of the EDC in summer 1954, in spring 1955 a proposal which envisaged a common European Market was put forward. By 1957 this proposal had resulted in the Rome Treaties with which the six member states of the ECSC agreed upon a European Economic Community (EEC) and an European Atomic Energy Community (Euratom).¹¹

In the 1950s Germany had to take a standpoint as regards the three options outlined shortly above. In the context of the Cold War options which implied an understanding between East and West Europe were not open to the semi-sovereign FRG. However, it should be pointed out that nevertheless - from a German point of view - this could become an important and delicate issue, given that, traditionally, the German economy had strong links with Eastern Europe.

Some comments on historiography

In a recent survey on German contemporary historiography Anselm Doering-Manteuffel stressed that initially professional historians hardly paid any attention to the German post-War history and that thus the foundations of West-German post-war historiography have been built by political scientists.¹² This had the repercussion that - largely untouched by the then lively discussions on historical methodology - a certain methodological conservatism prevailed and exclusively political history and its actors were in the focus of interest - all the more so since such an orientation was favored by the availability of sources and fostered both by the publication of the memoirs of Chancellor Konrad Adenauer and the research policy of the Stiftung Bundeskanzler-Adenauer-Haus.¹³ While this approach was without a doubt justified by both the importance of Adenauer and the significance of international policy for Germany in this period, this focus was also connected with certain distortions and shortcomings.

In the late 1980s and the 1990s - parallel with the growing distance, with the opening of archives and with an increased interest by the historical profession - the situation changed. While the Adenauer-Forschung was continued and the focus on high politics or the bureaucratic decision-making-processes was maintained¹⁴, new questions and interests came up so that research diversified. Now attention was paid also to the social development¹⁵; security policy became - mainly through the endeavors of the Militärgeschichtliches Forschungsamt and based on the there available sources - an important research field¹⁶; the economic performance and the policy of the Minister of Economic

Affairs Ludwig Erhard moved in the focus of interest, not least fostered by the endeavors of the Ludwig-Erhard-Stiftung.¹⁷ While it should be stated that thus in the last years historical research has embarked on some interesting approaches, has tried to answer interesting questions and has provided important results, there are still some shortcomings. As far as for example the field of economic policy and economic policy making is concerned only slowly was attention paid to other actors besides the Minister of Economic Affairs. Studies on for example the German entrepreneur or the stance and role of pressure groups like German heavy industry were the exemption.¹⁸

The outlined state of research until the early 1990s has not been able to clarify all important questions. As for example regards the question why the FRG did embark on the road of European integration only answers which have not been satisfactory in all respects have been provided so far. Here it has been maintained that Adenauer and the primacy of (foreign) policy were decisive while economic rationales were left unconsidered. Such an interpretation has been possible since it was obvious to economic experts from the beginning that European Integration did not lay in the interest of German economic development. Furthermore, it was only too obvious that Erhard had opposed this integration fervently and that he had been defeated by Adenauer. Thus, it seemed logical to explain the German embarking on the road to integration with the primacy of foreign policy. This, however, is - as I will argue in the following - only part of the story. Looking for example at the attitude of the German Central Bank took when facing the question of an international economic understanding will show that not only political choicem but also economic considerations, can be adduced to explain why Germany supported, and maintained support for, first cooperation within the OEEC and then integration within the EEC.

The German Central Bank, the question of convertibility and European Integration

The task of the German Central Bank (Bank deutscher Länder (BdL) until 1957, Deutsche Bundesbank from 1957 onwards) is to manage the German currency, to regulate the German money and credit supply, provide liquidity and safeguard monetary stability. In addition, the Central Bank is the guardian of the German monetary reserves and in the 1950s it had important competencies in allocating foreign exchange. Furthermore, according to the law the German Central Bank should act as an adviser to the German Government as far as economic and monetary issues are concerned.

Although the German Central Bank was independent from the Government right from the beginning, initially it was quite weak. Being a two-tier institution policy issues were discussed highly controversially and at times it was difficult to reach decisions, all the more since the German economic situation was quite delicate. However, during the Korean Crisis of 1950/51 which led to a foreign exchange crisis and above all in the aftermath of this crisis the Bank could considerably enhance its standing, streamline its internal decision making process and improve its control of the German banking system. Thus, it proved itself to be in the position to decide a policy contrary to the wishes of the German Government; it was able to contribute to the overcoming of the difficulties by following a stringent policy; it was capable to take the initiative, to suggest realistic policy options and to convince other circles to follow the line advocated by the Bank.¹⁹ Thus, when it came to discussing the international monetary and economic order from 1952 onwards the Bank had an important say.

Right from the beginning the Bank had favored regional cooperation. In spring 1950, when a European Payments Union (EPU) was under discussion, it had argued that such a soft currency bloc would suit the FRG and its economic development. It would encourage imports from Europe and thus conserve scarce dollars. More important, however, was that it would foster German exports to a European market which was still protected from American competition. Thus, this regional framework would allow a German "penetration of the continental system".²⁰ On the other hand, the Bank rejected a German adherence to a global monetary system. Indeed, in Spring 1951 it even expressed strong reservations as regards a German membership in the IMF.²¹ Main reason for this was that the Bank disapproved a devaluation of the Deutschmark. Such a step would only - so it argued - raise the costs for the necessary imports from the Dollar area without assuring the closure of the so-called 'Dollar Gap'. According to the Bank the answer to the existing Dollar Gap should be the application of foreign

exchange restrictions for Dollar imports on the one hand, and the endeavor to achieve - via a strict monetary policy and thus price stability - competitiveness and a surplus in Europe on the other.²² At a later stage this surplus should serve to offset the deficit towards the Dollar area which was considered to be something 'natural' - and thus unalterable - for Germany.²³ For the time being, however, the Bank considered an equilibrium with the Dollar Area out of reach. Thus, it aimed at fostering the commercial exchange with the OEEC-Europe.

When in 1952 first the German Minister of Economic Affairs, and later the United Kingdom put the issue of convertibility and international monetary order on the agenda, the BdL maintained its previous attitudes. Although the German balance of payments position had in the meantime improved consistently, the BdL staged as the main and fervent opponent to both the United Kingdom which wanted to introduce convertibility and dissolve the EPU and the German Minister of Economic Affairs Ludwig Erhard who aimed at the realization of a liberal market economy as far as foreign economic relations were concerned. The Bank argued that European monetary cooperation and trade within Europe were too important to be neglected.

²⁵ It pointed out that an opening of the European market should be secured and that EPU should be maintained. Insisting that the dismantling of quotas in intra-European trade should be continued it thought it possible to foster and to secure such a liberalization of the European market within the OEEC framework by a German good-creditor policy.

Although in the period from 1952 to 1955 the German membership in EPU was connected with rising costs like the foregoing gold payments for the European surpluses, the crediting of 50 per cent of the surpluses to EPU, the examination of German policy in the forum of OEEC and trade diversions the Bank remained a supporter of the OEEC cooperation. Rejecting the option of convertibility which was a synonym for a global monetary agreement and interested neither in trade with Eastern Europe nor in trade with other countries from the off-set area it was willing to grant credit to the EPU. With this it wanted to keep this payments system working.²⁶ To be sure, in the European discussions the Bank favored at times a hardening of the European soft currency bloc and advocated thus a step-by-step approach towards a global monetary system. However, when it seemed that these requests could lead to a break-down of the EPU and above all to a British withdrawal from EPU the Bank proved to be willing to compromise. In its opinion everything should be done to prevent such a withdrawal since it would probably enhance other options like for example a closer cooperation between the six ECSC members. Such an option the Bank considered _completely unrealistic_ and even _dangerous_ to the German economic development.²⁷

The position of the BdL found inside the FRG as well as inside the OEEC forum a lot of sympathy. All OEEC-Members welcomed the willingness of the Bank to grant additional credit to the EPU, even the creditor countries which in principle favored a hardening too.²⁸ Inside the FRG the Ministry of Foreign Affairs and the Chancellor shared the BdL's opinion that European cooperation should be continued. Their main reasons for this stance were political: they did not want the issue of convertibility to disturb the negotiations for an EDC; neither did they want to pursue monetary cooperation in the framework of the Six.²⁹ The Ministry for the Marshall Plan favored of course the maintenance of the EPU and argued too that intra-European trade should not be damaged.³⁰ The Ministry for Agriculture was concerned with the protection of the agrarian sector while the Ministry of Finance argued that a dismantling of foreign exchange controls was still dangerous.³¹ In addition to this, industrial and trade circles favored the pursuit of the OEEC and EPU cooperation. Like the BdL they feared a relapse into bilateralism which would reduce their export possibilities. They too were interested in open and secure European markets and above all in the Bank's financing of these exports.³² Thus on the whole a formidable opposition to all plans which envisaged a dismantling of EPU was formed and this opposition carried to a great extent the trademark of the BdL, of the Ministry of Foreign Affairs and of German industrial circles.

Although in 1954 and 1955 the EPU was hardened, convertibility was envisaged and a European Monetary Agreement as a European post-convertibility-system was agreed on, on the whole the FRG proved to be a fervent supporter of OEEC cooperation in this period. As we have seen, political reasons were without a doubt important for taking this stance.³³ However, it also becomes clear that economic issues played a major role too in determining this stance.

In 1955 in a certain sense a new phase commenced. On the one hand the OEEC member countries had agreed in summer 1955 to harden the European soft currency bloc from initially 40 per cent gold and 60 per cent credit to 75 per cent gold and 25 per cent credit so that a de-facto-convertible EPU-System was in operation. On the other hand the Benelux Countries had proposed in May 1955 to their ECSC partners the establishment of a Common Market. In addition, it should be noted that in that period the German economy experienced a boom which generated dilemmas resulting from the considerable German balance-of-payments surplus with other OEEC countries. While the pursuit of the external equilibrium required an expansionist credit policy, the internal situation demanded a restrictive stance as far as monetary policy was concerned. In addition to this in a system based on fixed exchange rates balance of payments surpluses generate liquidity at home and thus endanger monetary stability. Hence the cost of the German membership in EPU rose considerably in this period.

In order to restrict economic activity the German Central Bank inaugurated in summer 1955 a new policy line. It raised both the bank rates and the reserve requirements. Furthermore, it tried to sterilize the liquidity resulting from the balance of payments surplus. This new policy line aggravated the already existing external disequilibrium. It led to the granting of additional German credit to the EPU and it was connected with some - at times harsh, at times modest - pressure on the FRG to pursue a good creditor policy.³⁴

This situation made it attractive for the FRG to push for convertibility and to advocate a dissolution of the EPU. This, however, did not happen. While Adenauer was concerned with the EEC and Euratom negotiations, the German Central Bank - after all the institution which granted the additional credit and whose policy was scrutinized by the EPU - still favored the maintenance of EPU.³⁵

The Bank's stance was based on the hope that within the OEEC framework it would be in the position to put some pressure on other OEEC members and thus induce these countries to follow a 'sound' monetary policies. Indeed, while the Bank refused to take stringent measures which aimed at correcting the German surplus - like for example a revaluation of the Deutschmark - it offered a special credit to the EPU. On the condition that an assainissement would be pursued this credit should be passed on to France which experienced considerable balance of payments difficulties in this period.³⁶

Another reason for taking this stance was that the Bank did not want the FRG to be put _on the same line as the USA_.³⁷ It pointed out that this with great probability would mean that the European countries would discriminate against German products and this was understood as being detrimental to German industry and German economic development. In order to avoid this the Bank argued that a declaration of convertibility for the Deutschmark should take place only on the condition that all European countries were able and willing to take part in such a move. Without having secured the taking part of all other countries the Bank wanted to stick to the OEEC cooperation. Although at times Germany's OEEC partners feared that the FRG would leave the EPU³⁸, such a move was at no time considered seriously and what was more, at no time the Bank and other quarters took an initiative which envisaged a declaration of convertibility. Only when France agreed in autumn 1958 to devalue the French Franc, to resume liberalization and to take part in a move towards convertibility, this global option was pursued.³⁹

As before the Bank's attitude as regards the EPU was largely shared by other German quarters. Adenauer and the Foreign Ministry were not interested in the issue of convertibility and what was more in January 1956 Adenauer established the 'guide-line' that no unfriendly act (such as a move towards convertibility) towards the future EEC-partners, mainly France, would be committed.⁴⁰ Industry supported the EPU because it provided a stable framework for intra-European trade. In this framework the supply from the OEEC area was possible and an export market, protected from other competitors and financed by the Central Bank, was secured. In addition to this, import restrictions and foreign exchange controls were no longer a burden for industry and a large freedom of action did already exist. Last but not least, the Minister for Economic Affairs stopped pushing for convertibility. Beside appreciating a stable framework for intra-European trade himself and being under pressure from the Chancellor and industry, his attitude shifted for other reasons: the integration in form of a European Economic Community was definitively disliked by him and he opposed this whenever possible.⁴¹ In order "to keep down less promising forms of integration" and in order to strengthen the OEEC framework where up to November 1958 the establishment of a wider Free Trade Area was discussed, he now wanted the OEEC to work smoothly and thus he refrained from

discussions about hardening the EPU and declaring convertibility.⁴² Only when the United Kingdom took an initiative for convertibility and only when the Free Trade Area negotiations failed in autumn 1958 did he return to his previously expressed dislike of the OEEC approach.

An analysis of the stance the German Central Bank and the FRG took when the question of an international monetary order was discussed shows clearly that there were strong economic interests which spoke for the pursuit of a regional approach within the OEEC framework. This is also quite logical: after all in 1956 71,2 per cent of the German exports went to the EPU area⁴³; furthermore, the German cumulative position in EPU amounted to \$ 4.581 Billion when the EPU was liquidated on 27.12.1958.⁴⁴ However, as far as the embarking on the EEC integration is concerned the story is obviously different: only little more than 25 per cent of German exports went to the five EEC countries⁴⁵; furthermore, a customs union which was connected with the introduction of a Common External Tariff could increase the German tariff protection and this was bound to make imports more expensive; apart from the fact that this would increase the German price level and could make German exports less competitive this would lead to an aggravation of the German surplus with the other European countries. These considerations would lead one to predict that the German Central Bank as well as industrial, trade and financial circles would oppose the erection of a Customs Union of the Six since this was obviously against the German economic interests.

When in spring 1955 the idea of European economic integration was relaunched and when starting in summer 1955

first discussions were held the German Central Bank showed neither a big interest nor principle reservation or even opposition.⁴⁶ Only in the course of spring and summer 1956 did the Central Bank Council discuss this project more extensively, and only in October 1956 did Otmar Emminger, a high official of the Bank responsible for the international monetary cooperation, point out that now, *in order to be on the safe side,* one should take these discussions seriously.⁴⁷ At this point, however, the Bank had to state that its room of maneuver was quite narrow. It could not oppose the EEC radically and principally, that would have been - as the Bank's officials saw it - *political quixotism.*⁴⁸

The archival material reveals that several reasons were responsible for taking this cautious, unconcerned, passive attitude. Inside the Bank it was always pointed out that the ongoing discussions were non-binding and that the French opposition to these proposals will make their realization highly unlikely.⁴⁹ Furthermore, it was always stated that the EEC was in the first place based on political considerations and that thus the Bank should not intervene.⁵⁰ Last not least, only in the course of time it became discernible that the emerging Common Market was too protectionist and too dirigist for the taste of the German Central Bank.⁵¹

Strange as these arguments sound they hint at important peculiarities of the EEC negotiations. After all, the discussions were for a long period non-committal, the French opposition made a realization unlikely until autumn 1956 when a breakthrough was reached, political considerations were important and decisive aspects of the EEC were only hammered out late in 1956.⁵² Thus, on the one hand there is only little room to dispute the sincerity of these arguments. On the other hand, however, these arguments are not convincing. However important the above arguments were they cannot explain why the Bank stepped back from such an important issue and why neither the Bank nor other German circles ever tried to strengthen the already existing formidable opposition to the EEC project.⁵³

Indeed a careful reading of the documents shows that other arguments were important too. First of all, notwithstanding the fact that the Bank saw some negative aspects of the Treaty it discerned positive aspects too, and these aspects - so they argued - needed to be developed.⁵⁴ Mainly they were still interested in the dismantling of trade restrictions and above all in the dismantling of the high French and Italian tariffs. On the other hand they were never worried about the effects of lowering the tariffs inside the EEC. They understood German industry as being able to compete with the Five also without relying on tariff protection. In addition the Bank was never too much concerned with the fact that German imports needed to be raised. Indeed, still in summer 1956 Hoose from the Central Bank Council stated that it was not clear to him why German imports should be fostered at all costs.⁵⁵ The second important reason for not opposing the Common Market was that the Bank - together with other German quarters - had succeeded in the negotiations to oblige every member of the EEC to follow a policy in conformity with the balance of payments considerations. In this way a kind of 'functional integration' which relied on the concept of convertibility was assured instead of the

'institutional integration' which relied on new supervisory institutions for monetary policy.⁵⁶ The last and most important reason for not opposing the EEC was that the Bank had been interested from the very beginning in some kind of European framework. During the negotiations on the structure of the monetary system that would exist after the return to convertibility had stated that after the liquidation of the EPU some forum for international cooperation would be _useful, if not indispensable._⁵⁷ While in 1953/54 the erection of a forum made up of six members endangered the existing EPU framework and thus conflicted with the interests of the Bank, in 1955/56 this was not the case any more since the EPU was bound to be liquidated sooner or later. For this reason the fervent pleas against an ever stronger cooperation between the Six which were usual in 1953/54 were not made any more in 1956.

Conclusions

On the 1.1.1959 the EPU was liquidated, convertibility was declared and thus a global international monetary system was finally established. In addition on the 1.1.1959 the first tariff cut of the EEC members took place and thus the EEC showed itself to be a working institution. With these acts 13 years after the end of World War II a new economic and political peace settlement was inaugurated.

It has always been pointed out that the main thrust of European integration has been political. In recent years historical research has questioned this. Scholars such as Alan S. Milward have pointed out that _the true origins of the European Community are economic and social._⁵⁸ However, as far as Germany was concerned even Milward has maintained that political reasons were at the forefront.⁵⁹ I have presented recent research on actors whose attitudes and policies had been neglected in studying the question why the FRG choose to back regional cooperation under the OEEC and then switched to supporting European economic integration. This research indicates that perceived economic interests remained an important determinant of West German policy. Economic considerations were made and led first to fostering the EPU and OEEC cooperation and then to not opposing the EEC which was considered a the second-best solution.