

Jean Monnet, European Defence and the Balance Sheets Method

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31 January 2025

Jean Monnet is mostly known for inspiring and leading the European Coal and Steel Community between 1950 and 1954 and for his role at the head of the Action Committee for the United States of Europe - essentially a “super-lobby” promoting European integration with member governments - from 1955 to 1975. It is less well known that Jean Monnet played a decisive role in mobilising Allied resources during the two world wars, as the instigator of the Franco-British Inter-allied executives and coordination committees during WWI and WWII, and as a key architect of US President Roosevelt’s Victory Program. Eminent French historian Jean-Baptiste Duroselle claimed that the ‘flamboyant victory’ of Maréchal Foch in 1918 had been made possible by Jean Monnet’s ‘obscure action’. According to British economist John Maynard Keynes, Monnet’s work in Washington was instrumental to the Victory Program and probably shortened the war by a year.

Jean Monnet had no particular interest for nor knowledge of military matters. Rather he had a natural inclination to mistrust army men and tended to dislike the formality and the hierarchy of the military. His involvement in each war stemmed from his firm belief that mere coordination between Allies was not enough and that joint action was required. This distinction between coordination and joint action always was at the heart of Monnet’s vision and action, whether in war or in peace, as shown by the method applied to the French Modernisation Plan and to the Coal & Steel Community. Each time, Monnet succeeded in mobilising all parties behind a joint objective, leading to what he called ‘*convergence in action*’. In his *Memoirs*, Monnet reflected on the recurring patterns that had governed his action and summarised them as follows : ‘*Unity of views and of actions*’, ‘*overall plan*’, ‘*pooling of resources*’. The tool Monnet consistently used to drive this action was a ‘*balance sheet of needs and resources*’ which would make explicit the gap to be filled between the resources at one’s disposal and those required to achieve one’s objective. ‘*Balance sheets of this sort have been milestones in my work*’, Monnet writes in his *Memoirs* : ‘*the strength of our fleets in 1916, of our air forces in 1940, of Allies and Axis military power in 1942, of the French economy in 1945, and of the six-nation European community in 1950. Each time, the need for appropriate action became obvious once the balance sheet was drawn up*’. These balance sheets (B/S) have since become the symbol of Monnet’s philosophy of action which concentrated on what is necessary rather than on what is possible.

This paper provides an overview of the role Jean Monnet played in the two world wars and of the way he used B/S of needs and resources to drive joint Allied action.

1) 1914-1918 : WWI Franco-British Inter-allied Executives

After successfully convincing French Premier René Viviani of the need for Franco-British coordination, Monnet, aged 26, was instrumental in setting up the Allied Executives in charge of joint procurement of key commodities. As early as 1914, the UK – who had believed in a short and cheerful war - had lost a significant part of its fleet to German submarines, leading to severe freight shortages. It became clear at that point that controlling and allocating overseas supply would be of vital importance. Resistance was

strong in liberal Britain against any attempt to regulate and control what in essence should be left to market forces. By 1916, Monnet had managed to argue in favour of a Wheat Executive that would at least ensure proper supply of bread and avoid price escalation. Based on that first success, he set his mind on extending the same approach to other key commodities. These common entities should be capable of measuring the resources of the Allies, allocate them optimally and balance the burden across them. B/S of needs and resources formed the base for this work. In 1917, in the midst of the U-Boat campaign, Monnet undertook to draw a B/S describing the state of the Allied fleets and compare it not only with what would be required to transport key commodities but also to transport US troops to Europe. It was only in late 1917, on the back of that work, three years after the start of the war, that the Allied Maritime Supply Council was created, which the US joined in early 1918. It was essential in ensuring the transport of American troops to Europe. Monnet's B/S led Allies to see their supply problems as common problems and to finally tackle them as a single whole. They provided them with a single unified picture of the shipping requirements and convincing them to set up the (partly supranational) machinery necessary to optimise usage and allocation. Monnet failed to convince the Allies to maintain the joint committees in support of the forthcoming reconstruction effort but the lessons were still vivid in his mind when WWII broke out.

2) 1938-1939 : The Anglo-French Co-ordinating Committee

After Munich, French Premier Daladier asked Monnet to convince President Roosevelt to supply war planes to France. Monnet came back from this meeting with a clear message : the US would only support a joint effort from Britain and France. He proposed to revive the WWI committees to deal with weapons, energy, basic commodities, planes, sea freight. The Anglo-French Coordinating Committee was established in 1939, on roughly the same model as the WWI Allied Executives, with again some level of supranational power to decide on how to share the burden and allocate resources. The Committee chaired by Monnet was to function on the premises the French and the British would 'sleep in the same bed', 'lay all their cards on the table', and 'never cross wires'. The Committee's goal was stated clearly : achieve absolute superiority in the air against Nazi Germany and place the production out of reach of German planes. As disagreements emerged as to the current and future German capabilities, and hence on the orders to be placed by the Committee, Monnet undertook to draw up a B/S. It proved to be again a very difficult process : the data was inconsistent, incomplete, the parties were reluctant to share what they thought was confidential information. Yet, it was ready within three months, and the verdict was without appeal; it showed the abyssal gap and the startling accumulation of German power. This picture convinced Chamberlain to join Daladier in the March 1940 order of US planes. The March 1940 order which derived directly from the B/S exercise provided the impetus to kick-start the US warplane production in support of the Allies and proved to be a turning point : It was too late for the battle of France but it created the basis for the massive mobilisation to come.

3) 1940-1942 : The Victory Programme

Following the French defeat, Monnet offered his services to Churchill and went off to Washington to work on weapon procurement on Britain's account. On arrival, it became clear to Monnet that the country had little sense of the danger represented by Nazi Germany and was not ready to mobilise for war in Europe. He asked his British colleagues to draw up a B/S indicating in 'no uncertain terms' the state of the British weaponry and what was required of the US. 'No account should be taken of Britain's ability to pay' he instructed. As before, it took huge efforts and persistence to dig out the real figures. The result was startling – the deficit to fill was - again - much bigger than anyone had imagined, both in terms of military needs and required financing. Financing was a key issue as British vaults were emptying fast and it was

clear that the country was in no position to finance this effort. Monnet understood that the hurdles were both psychological (isolationist majority, peacetime mentality) and practical (Neutrality Act, production capacity, financing). He set his mind on convincing the Roosevelt administration to take steps to restrain peace production in order to maximise the war output of the country. Many in DC were hostile to Monnet and did not really understand his peculiar position: a Frenchman advising the US administration on behalf of the British government. In line with his usual approach, Monnet first identified within the administration the men who shared his views and had the power to influence the President. In particular, he developed a relationship with Harry Hopkins, Roosevelt's trusted right hand man, which proved to be essential. Second, he developed a simple narrative : *'we need a solid estimate of Germany's strength and capabilities from now to 1943 and put against it the forces required to win the war without a doubt in 1942 or 1943 – The difference will need to come from the US'*. The approach worked and in December 1940, Roosevelt pronounced his famous fireside chat, referring to America as *'the great arsenal of democracy'* (a formula allegedly first used by Monnet), using the water hose analogy to explain the lend lease idea to the American public. Roosevelt also drove the narrative that *'the best immediate defence of the US is the success of Great Britain defending itself'*.

From there, Monnet proceeded with developing the B/S. The approach was to include not only British needs and resources, but also the Commonwealth and the US in the analysis, with a view of showing clearly the inadequacy of the existing US plans. By August 1941, the B/S were ready, regularly updated for changing needs (eg. war in the Pacific) and by December 1941, the Victory Program was ready. The doctrine advocated by Monnet, and preached endlessly was that *'10 000 tanks too many was far more preferable than one tank too few'*. According to US officials, Monnet was *'the great single-minded apostle apostle of all-out production'* and *'a teacher to our defence administration'*. Beyond the technical tool, the idea behind the B/S was to break the mentality of approaching production from the point of view of *'what could be realistically done'* to replace it with *'what was needed'*.

With the Victory Program in place, the next step was to build the machinery able to bring it to life at the required speed. Several agencies were still responsible for different parts of the plan, resulting in complexities and delays. Where each country dealt with its own part of the problem, there were no common institutions for the main objective. It was clear that there was a need for one agency with a view on all components of the plan that could effectively consider interconnections and dependencies, overseeing and centralising information from each country, and receiving simultaneously all the Allied requirements. A central office was set up within the office of Production Management and an overall production board was established to manage all interdependencies. The combined board was set up in 1942 and was a direct result of the B/S, with Monnet as its prime mover. It was the administrative embodiment of the B/S method. It was the recognition of the necessity of forward planning, joint action and common institutions to drive the war effort. Actual production ended up very close to what the B/S method had predicted. Like during WWI, Monnet had not only imposed an important tool, but also created a new type of international teamwork.

4) 1951 : NATO

It is noteworthy that Monnet implemented the B/S method in the context of NATO in 1951 in the midst of growing tension following the South Korean invasion. This took place as Monnet was working on the idea of the European Defence Community

When North Korea invaded the South, the US demanded that Europeans take their full part in a potential conflict. The issue soon arose of the sharing of that defence burden within NATO, between the US and European countries, as many, including Britain, were already investing a significant share of their national

revenue on defence (actually higher than that of the US at the time, only slightly less for France) and had very little room to manoeuvre. Monnet's first proposal, as the French Plan Commissioner, was to propose a common fund to centralize and administer in the most efficient way the greatest proportion of the resources devoted by each country to defence. The joint procurement fund would derive its revenue from weighted national contributions, international taxes and collective loans. Monnet's proposal did not get much support at first. He proposed that French and European B/S should be drawn up showing what armament would be available by 1951, what more would be needed and what demands would be placed on raw material, finance, and other resources. To try to match needs and resources as fairly as possible, Monnet proposed at the NATO Council of Ottawa in 1951 to set up a committee of three wise men in charge of drawing up the B/S. Finally, 'Twelve Apostles' were designated to supervise the production of the B/S, with one member from each Ally, overseen by an 'Executive Bureau' of three : Averell Harriman (US), Edwin Plowden (UK) and Jean Monnet (Fr & coordination). The report of this 'Executive Bureau' assigned specific financial obligations on the NATO members, including Germany, as part of this defence effort.

Monnet hardly mentions this episode in his *Memoirs* as he was probably not so interested in NATO, a purely intergovernmental organisation which, as such, could – in his mind - not achieve much... It was also a moment of tension for Monnet with the Americans as France resented having to share so much of the burden for the Indochina war, supposedly a 'war for freedom' fought by France on behalf of the 'Free world'. These discussions were closely interlinked with those of the European Defence Community as another key question was that of Germany joining NATO as an individual rearmed member as originally favoured by the US, or as part of a European army as advocated by Monnet and proposed by the EDC.

5) Monnet Balance Sheets – Some key principles

At the heart of Monnet's B/S method are a few beliefs and principles he expressed consistently :

- Misunderstanding and failure to act often comes from a lack of agreement on a common reality. Agreeing on a diagnosis of the common reality is the starting point of all common action.
- Human beings tend to procrastinate until the seriousness of the situation they're in is put in front of them in such a way that they can no longer escape that reality. The earlier and the more credibly this is done, the better.
- Many wrong decisions are the result of inaccurate assumptions. Extraordinary time and effort must be put upfront in drawing up an accurate picture of the facts. These are often not readily available and experts tend to keep their information hidden in drawers or behind words only they understand. They must be made to share their secrets and make them intelligible for decision-makers.
- A global picture accounting for interdependencies and contingencies is essential, bringing together multiple parties involved, geographically, across the value chain and over time. Otherwise, frictions and sub-optimisation is unavoidable. It has to include into a same picture material, human, logistics and financial resources and the link between those.
- To be able to establish the needs as part of the resource & needs analysis, the ultimate goal must be crystal clear and shared by all stakeholders. For example, Monnet's formulation during the VP : 'the Allies must produce the equipment needed to defeat Nazi Germany without the shred of a doubt by 1943' brought the required clarity in a simple formula.
- The starting point must be the needs, which flow from the formulated goal agreed by all, not the resources at hand or what is deemed 'realistic'. Starting from what is needed is in fact more realistic than starting from what is possible, as the need is a fact while resources can change.
- The ultimate goal is the decisive and effective joint action of all parties. For that, all parties involved in future action must be involved upfront in creating the accurate, shared reality of the needs and

resources that joint action will flow from. It creates a common language and common anticipations, it fosters trust and naturally leads to joint action.

- Collective action requires the right machinery and governance mechanisms. These must provide decision-making organs with a global consolidated picture and with the authority to optimise resources and allocations based on their unique view of this consolidated, global picture. Failing to do this, the process is hijacked by private or national interests.

Monnet's B/S approach was everything but an arithmetic exercise; it was a tool for a philosophy of action which could be called – as Monnet called his Modernisation Plan – 'convergence in action'. It created a common, shared, accurate reality, concentrated the minds on a common goal, and helped organise effective collective action when such action was necessary. It required all stakeholders to accept the discomfort of sharing information which they would normally keep to themselves, and some level of delegation of authority in exchange for optimal decision-making based on the global picture and the pursuit of the general interest.

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