

Note from the Press Service of the British Embassy (The Hague, 20 May 1950)

Caption: On 20 May 1950, the Press Service of the British Embassy in The Hague drafts an information note giving details of the situation of the steel and coal sectors in the United Kingdom in the light of the Schuman Plan.

Source: Internationaal Instituut voor Sociale Geschiedenis, Amsterdam. Johannes Marten Den Uyl (1919-1987) 1927-1987. Documentatie. Documentatie betreffende diverse economische onderwerpen. 1948-1950, 954.

Copyright: Internationaal Instituut voor Sociale Geschiedenis / International Institute of Social History

URL: http://www.cvce.eu/obj/note_from_the_press_service_of_the_british_embassy_the_hague_20_may_1950-en-53bc62f2-8b3c-4e9a-a4bd-48f52fc79124.html

Publication date: 05/09/2012

Background Note No 132

Britain and the Franco German Steel and Coal Pool

Industrial recovery in Europe since the beginning of Marshall Aid reached an increase of 30% over the 1947 output. In the middle of 1949 production for the whole of Europe was 15% above the 1938 level. In the second half of 1949 this upward surge of production graphs tended to flatten out. M. Schuman's proposals come, therefore, at a most appropriate time. The position at present is as follows:

Steel and Coal

Steel production in France totalled 9.100 thousand tons in 1949 and is planned to reach a total of 12½ million tons by 1952. In federal Germany steel production is limited by the Occupying Powers to 11.100 thousand tons a year (in implementation of the aim, agreed to by the four powers at Potsdam, of preventing German rearmament) but by the end of 1949 the capacity of the Western German steel plant was estimated to be 13.800 thousand tons.

The United Kingdom has at present a clear lead in Europe, both in quantity and in price of steel production, with a total of 15.600 thousand tons (planned to increase to 17.200 thousand tons in 1953) at prices below those of Belgium and France and below German prices except for rolled bars.

The need for others to come in

The United Kingdom is also by far the largest coal producer in Europe. United Kingdom production in 1949 of 215 million tons was rather more than double the coal production of Western Germany, which in turn was about double France's production of 53 million tons of coal in 1949.

The relative strengths of the coal and steel industries in federal Germany, France and the United Kingdom explain the importance the French Government is attaching to securing membership of other countries in the pool. The natural course of development would be for the German industry to dominate the French, unless there were counter balancing members of the pool. The Benelux group has important steel and coal resources with a capacity of about three quarters of the French.

The French and Benelux industries have a natural geographical association with the Ruhr and Rhineland, and now that Ruhr coal is being exported in considerable quantities, German coal is replacing imported American coal. But in the pattern of European coal trade, the United Kingdom, with total export commitments of more than 20 million tons in 1950, plays a most important part.

The position of Britain

The United Kingdom has not the same geographical pressure to link her industries with the European pooling system. The allocation of United Kingdom steel is planned by the British Government to meet the overriding problem of reaching a balance of payments between the sterling area and dollar countries.

It has been calculated that British steel is an essential material found in 47% of all British exports in 1949, when 2.5 million tons of steel went as direct exports and 3.100 thousand tons as part of manufactured goods. Three quarters of British direct steel exports went outside Europe, one half being to countries of the Commonwealth. The United Kingdom steel industry is, and is likely to be for many years, the source of capital equipment for development of countries of Africa and South Asia. At the same time, the United Kingdom uses sources of supply for iron ore and scrap, which would come within control of a Franco German authority. Much scrap has been coming from Germany and some 10% of iron ore smelted in 1949 came from French North Africa.

What has already been done

The British Government already has some experience of the coordination of the European coal and steel production. France, the United States of America and the United Kingdom have jointly set up the Ruhr Authority to allocate German coal, coke and steel for export and for German markets. The three Occupying Powers in Western Germany have had a combined coal group and a combined steel group with authority reaching outside the Ruhr. In the Marshall Plan organisation, the countries of Western Europe have had experience of problems of harmonising their development programmes for such basic industries as coal and steel which were examined by specialist committees set up by the O.E.E.C.* The Economic Commission for Europe, which is holding its annual meeting in Geneva this month, has practical experience in the allocation of European coal supplies and in the allocation of coke and scrap for the steel industry in Europe. The problems of postwar recovery have led to the formation of the statistical organisations such as the E.C.E.** secretariat in Geneva which provide raw material for working out coordinated policies. The United Kingdom has an economic planning staff and France has a similar organisation in M. Monnet's "Commissariat Général du plan de modernisation et d'équipement".

There is, therefore, already some machinery for the coordination of coal and steel policies of Western European countries. There is also much information available to test the practicability of Schuman's plan as it would affect the industries of France, Germany and Benelux, which would seem to have many common requirements, and as it would affect the United Kingdom industries which have developed somewhat differently with a Commonwealth as well as a European orientation.

* Organisation for European Economic Cooperation.

** Economic Commission for Europe (a United Nations agency).