

Notes from the British Ministry of Defence on the Schuman Plan (11 May 1950)

Caption: On 11 May 1950, the British Ministry of Defence drafts several notes on the strategic implications of the Schuman Plan, particularly in terms of control of the coal and steel industries in Europe and arms production.

Source: The National Archives of the United Kingdom, [s.l.], Kew, Richmond, Surrey, TW9 4DU.

<http://www.nationalarchives.gov.uk/>, Prime Minister's Office: Correspondence and Papers, 1945-1951, PREM 8. Parts I-II: Schuman Plan 1950-1951, PREM 8/1428.

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Cabinet

Franco-German Steel and Coal Authority

Note by the Minister of Defense

The Chiefs of Staff have conducted a quick examination of the strategic implications of the French proposal for the creation of a Franco-German Steel and Coal Authority. Their report is at Annex I.

2. I am also circulating for the information of my colleagues a note prepared in the Ministry of Defence commenting on the proposal from a rather different standpoint and assuming that there would be pressure on the United Kingdom to join the proposed Authority. This is at Annex II.

E.S.

Ministry of Defence, S.W.1.
11th May, 1950

Annex I

Franco/German Steel and Coal Control

Note by the Chiefs of Staff

As instructed by Ministers, we have made a quick examination of the strategical implications of the French Government's proposal (as reported in today's press) initially to create a single authority to control production of steel and coal in France and Germany, with the offer of participation to other interested countries, including Russia and the United Kingdom. We assume there is no danger of Russia or the satellite countries wishing to take part in this since it would involve participation by other countries in the control of Soviet coal and steel.

2. In our recent report on Defence Policy and Global Strategy we submit that Western Germany must become politically and militarily an integral part of the West. While we feel that ultimately some form of German rearmament will be essential, we feel sure that a necessary prelude must be a large measure of political and economic integration. The French proposal appears to be an extremely important step in that direction.

3. Before we can harness the potential of Western Germany for purposes of Western European Defence there are two main obstacles to be overcome. First, there is the very real and understandable fear on the part of the French of a resurgence of German armed power. It is an encouraging sign that the French are now prepared to take the lead in establishing firm Franco/German relations. Secondly, there is the question of what safeguards would be required to prevent the re-emergence of a Sovereign independent Germany, fully re-armed. This French proposal would appear to go a long way towards solving both these problems. A full and effective international control of the coal and steel industry of Western Germany should result in convincing the French that they need no longer fear invasion by Germany. The suggested Control should have the added advantage of removing German suspicions that the French intend to exploit the Saar for their own purposes.

4. There is, of course, the danger that the re-created armament potential of the Ruhr might, in the event of war, fall intact into enemy hands. Against this there is the very considerable insurance that the Ruhr lies under the umbrella of British and American air power based in the United Kingdom.

There is also the further danger to be guarded against at allowing industrial integration with Western Germany to result in the risk of the entire production programme of Western Europe becoming seriously unbalanced by the loss of the Ruhr in the early stages of a war.

5. Against this possible, but in our view not serious danger, is the fact that a result of this proposal will be to increase the armament potential of the West. We understand that the main limitation of armament production in France and the Benelux countries is financial rather than shortage of steel. The French proposal would, therefore, have a direct and immediate military advantage if it reduced the price of steel. But perhaps its most important implication is its indirect benefit by strengthening the economic position of Western Europe thus making it possible to allocate greater resources for defence purposes. The full benefit of the proposed scheme would not, however, be obtained unless Belgium and perhaps the United Kingdom were included, but on this we are not competent to express an opinion.

6. The policies of any combined organisation of the nature proposed by the French would obviously be of great concern to the North Atlantic Treaty countries. It is essential that the Organisation should be so directed that its policy would be acceptable to N.A.T.O., otherwise our rearmament programme might be gravely disrupted.

Conclusion

7. The strategical implications of the French proposal appear to be strongly in favour of Western European defence and at first sight we see no serious military disadvantages. Anything that can serve to bind countries of Europe more closely together in the political and economic sphere and particularly to dispel the traditional enmity and suspicion between France and Germany cannot fail to have long term strategic advantages. While any increase in the prosperity of the industrial populations of the Continent will be an added insurance against the inroads of Communism.

8. We propose, when more details are known of the proposal, to undertake a more comprehensive and detailed study of its strategic implications.

Annex II

Franco/German Steel and Coal Control Note by Ministry of Defence

Towards the end of 1948 O.E.E.C. began to concern itself with proposals for the industrial "integration" of Europe. These proposals took two main forms; one was for "liberalisation" of trade; the other for "integration" in the full sense, i.e. compulsory specialisation by member nations in certain industries and their compulsory restriction or exclusion from others. Liberalisation is also a kind of integration, since it involves knocking down tariff-barriers; from which it should result - at any rate in theory - that the various industries settled and flourished predominantly in those countries and areas to which they were most economically suited.

We have never opposed liberalisation; indeed we have taken the lead in furthering it. On the other hand we have always fought very shy of "integration" in the second sense which, from the defence standpoint, was always regarded as involving grave dangers.

Most of these dangers are quite obvious. If it were decided by some supra-national authority that we should abandon certain of our manufactures which were admittedly uneconomical, we might well find that our war potential was crippled because we were dependent on supplies from abroad, and these supplies were not forthcoming. The risk that the Continent of Europe would be speedily overrun in another war is obviously not to be ignored. The effects of any ill-conceived scheme might go far beyond the key munitions industry: for example, there might seem prima facie very little harm in agreeing to a scheme whereby, say, France or Belgium specialised at our expense in typewriter or sewing machine manufacture; yet it so happens that both these industries, though not directly concerned with the war effort, are easily convertible for specialised

munitions production and might in fact be essential to our war effort.

The present proposals of the French Government envisage a supra-national authority which would have power to dictate the rationalisation of production. It seems very doubtful if we could ever agree to subject ourselves to a body which might prejudice the ability of our domestic industry to meet the requirements of the Armed Forces. We are a very large steel producer, and in a council in which (as is apparently contemplated) member nations each had equal votes, or in which final power of decision in case of dispute rested with a referee, we should in all probability soon find ourselves compelled to give up part of our markets to other needier competitors; there might be sound economic reasons for doing so but the price might well threaten our whole security.

Basically, the same considerations apply to coal. There has been a good deal of unjustified sniping at the U.K. coal trade in O.E.E.C. lately. They quarrel with our practice of fixing dual prices, i.e. prices differing between home consumption and export. The Americans in particular say that we are holding up economic recovery in Europe by subsidising home coal consumption and thereby inflating home purchases and reducing the amount of coal which can go abroad to bolster up European economies. This is a complete fallacy - without even the surface speciousness of most fallacies to commend it! The proposals for integration in O.E.E.C. have always received an enthusiastic hearing from some of the smaller nations; their motives are rather suspect. To some extent they think that they might profit by "rationalisation" and sharing our markets, to some extent also they are anxious to curry favour with the Americans. It is the attitude of the latter which is really serious. They have all along pushed and backed the idea of integration - apparently not realising that it might go a long way to break the defensive wall which they are trying to build up in Europe.

There is one more point which calls for comment. The French statement says that their proposals would make no difference to limitations on German industry. This is rather difficult to believe. With integrated control it would be very difficult to subject one of the partners in that control to a type of restriction, i.e. security restrictions, which did not apply to the rest. This is a psychological point which would probably become more important as time went on. It will be remembered that under American pressure we have already gone a very great deal further in raising permitted levels of German industry than we originally thought safe.