

Memorandum by the Secretary of State for Commonwealth Relations on the implications of the Schuman Plan (3 July 1950)

Caption: On 3 July 1950, the British Secretary of State for Commonwealth Relations drafts a memorandum on the possible political and economic repercussions of the Schuman Plan on the close relations between the United Kingdom and the Member States of the Commonwealth.

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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C.P. (50) 153

3rd July, 1950

Memorandum by the Secretary of State for Commonwealth Relations

Integration of Western European Coal and Steel Industries: Commonwealth Implications

At their meeting on 22nd June (C.M. (50) 38th Conclusions, Minute 5) the Cabinet invited me to prepare a memorandum on the Commonwealth implications of the Schuman proposals.

2. The whole nexus of our relations with European countries in recent years—in the Brussels Treaty, O.E.E.C., the Council of Europe and, to some extent, the Atlantic Treaty Organisation—has inevitably brought into question the United Kingdom's relation to the rest of the Commonwealth.

3. In all the discussions aimed at bringing about closer unity of Europe, our policy has been governed by two factors: —

(a) the need to play our full part—and, indeed, to take the lead—in revivifying Europe, while at the same time—

(b) not engaging ourselves in anything which was likely to do damage to our relationship with other Commonwealth countries.

4. Our difficulties have been fully recognised by our partners in the Commonwealth, who have throughout realised that we have a role to play in Europe and have recognised that we ourselves have been scrupulous in bearing in mind the interests of the Commonwealth as a whole. At the O.E.E.C. Council meeting in Paris on 1st November, 1949, the Chancellor of the Exchequer publicly stated our policy in the words—"We have made it clear from the beginning that our task was to try to combine our responsibilities and interests as a leading member of the Commonwealth and of the sterling area with support for the development of unity in Europe... Our position, therefore, is such that we could not 'integrate' our economy into that of Europe in any manner that would prejudice the full discharge of those other responsibilities that I have mentioned." The Chancellor's statement was, of course, communicated at the time to all other Commonwealth Governments, and the Australian Government, in particular, expressed their satisfaction at the line taken.

5. Similarly, the whole question of our relationship with Europe was considered at the Colombo Conference in January, and the meeting recorded the conclusion—"The representatives of the other Commonwealth Governments expressed the view that there need be no inconsistency between the policy followed by the United Kingdom Government in relation to Western Europe and the maintenance of the traditional links between the United Kingdom and the rest of the Commonwealth."

6. There would therefore be no danger in going forward with increasing international co-operation with Europe. The other Members of the Commonwealth would be likely to be disturbed by the setting up of a supra-national authority. If the United Kingdom steel industry were placed under an Authority beyond the control of the Government, this would give rise to the fear that the supply of steel and capital goods to Commonwealth countries might be jeopardized.

7. Moreover, such a supra-national authority would suggest that we were moving towards a European Federation that would fundamentally alter the United Kingdom's relation to the Commonwealth.

8. It is fair to say, however that all Commonwealth countries would not necessarily react alike (e.g., the

Asian members of the Commonwealth would be more concerned about capital goods than about political developments; Australia and New Zealand would react more sharply against integration with Europe than would Canada and South Africa).

9. On the other hand, it does not seem that the modified scheme recommended in the report by the committee of officials annexed to CP (50) 128 would be open to the same objections on the part of other Commonwealth countries. The report recommends that the authority should not be supra-national, with binding powers, but international, and with powers mainly advisory, though mandatory in certain limited and unobjectionable matters; the final responsibility would remain with the member Governments. A scheme, broadly along these lines, would be seen as playing its part in the general effort to restore European economy without raising the fear of Britain's being ultimately swallowed up in the Continent and cutting her ties with the Commonwealth.

10. There are certain possible implications in relation to strategic interests and to Imperial Preference which are dealt with in the report by the working party of officials annexed to C.P. (50) 128 (see respectively, paragraph 101 and paragraphs 92 and 93 of that report). As regards strategic interests the proposal that the right to protect speciality production vital to defence should be reserved is clearly a welcome one from the Commonwealth point of view. As regards Imperial Preference there are, first, the preferences we enjoy in other Commonwealth countries: while we could forego these unilaterally, we should not wish to do so. Secondly, there are the preferences which we accord to imports, particularly those of pig-iron from India, of semi-finished steel from Australia and of semi-finished and finished steel from Canada (a table showing imports of iron and steel from members of the Commonwealth in 1949 is attached in Appendix A). We would not wish to withdraw the preference on these imports and could not do so without the concurrence of the other Commonwealth Governments concerned.

11. The Plan might affect United Kingdom companies who operate not only in the United Kingdom but also through subsidiaries of associated companies in other Commonwealth countries, e.g., in the case of steel, Stewart and Lloyds in India and Lysaghts in Australia.

12. It is essential that we should keep other Commonwealth Governments closely informed of all developments about the discussions of the Schuman proposals. They were informed by telegram of the negotiations leading up to the publication of the French and United Kingdom communiqués of 3rd June and they are being kept currently in touch with subsequent developments both through the Commonwealth Liaison Committee and by telegram. Appendix B summarises comments received on 24th June from United Kingdom High Commissioners on the attitude of Commonwealth Governments and Press. There have been no further significant reports since that date.

13. To sum up, I think that the Commonwealth countries would look askance at any departure from our present policy of combining our responsibilities as a Member of the Commonwealth with support for the development of European unity, and would probably react sharply to any "integration" of our economy into that of Europe in any manner which they regarded as prejudicing their vital interests. On the other hand, they have hitherto accorded a general welcome to the steps we have so far taken to ensure a better balance in Europe and they would probably welcome a scheme for the integration of Western European coal and steel industries, provided it contained adequate safeguards. Indeed, given this proviso, most other Commonwealth countries would be likely to regard United Kingdom association with such a scheme as a helpful contribution to stability and peace in Western Europe.

Conclusion

14. Subject, therefore, to the observations in paragraphs 12 and 13 above and to any views which other Commonwealth Governments may themselves express at a later stage, there is no objection from the Commonwealth point of view to participation by the United Kingdom in a plan for the integration of European coal and steel industries broadly on the lines recommended in C.P. (50) 128.

P.C.G.-W



*Commonwealth Relations Office, S.W.1,
3rd July, 1950*