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Working Party on the ^{CABINET} Proposed Franco-German Coal and Steel Authority
Note by Foreign Office

German opinion on the Schuman Plan

An attempt is made in this note to summarise German reactions to the Schuman Plan, particularly those of Dr. Schumacher and the Social Democratic party and of the German industrialists. It should however be borne in mind that it is seldom possible wholly to distinguish criticism of the Schuman Plan as such from criticism of the German proposals (now accepted by the High Commission) which affect the reorganisation of the German coal and steel industries under Allied High Commission Law No. 27 and also have a bearing on the Schuman Plan itself ("combined ownership" and the German coal sales organisation).

2. Dr. Schumacher and the S.P.D.

Dr. Schumacher's opposition to the plan no doubt derives to a large extent from his desire to oppose anything heartily supported by the Federal Chancellor, and from a mistrust of any scheme so enthusiastically backed by the capitalist Americans. A more tangible point of criticism is that the Trade Unions have been given an insufficient role in the Schuman Plan institutions. Dr. Schumacher's main criticism relates however to what he believes to be the motive underlying the Schuman plan: he fears that the High Authority will inherit the policy of the Ruhr Authority, and will be animated by the French desire to perpetuate control over the German heavy industries, to weaken their concentration and reduce their competitive power, and to exploit German resources in the interest of French industries. As there is likely to be only one German representative on the High Authority, Dr. Schumacher fears that its "dictatorial power" over raw materials and investment will be used to serve these ends, with

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disastrous results on the German economy. The social disintegration and unemployment which will result from the German Government's acceptance, in the context of the Schuman Plan, of restrictions on "combined economy" and the dissolution of the coal sales organisation are, in his view, a foretaste of the consequences of the integration of German heavy industry in the Schuman Plan area on a basis of inequality. Dr. Schumacher also believes that the Plan would be economically unsound without the participation of Britain and Scandinavia, and would merely result in a closer association of Germany with the countries of Europe where in his view "capitalism, clericalism and cartels", with their attendant high unemployment and low income figures, are rampant. Dr. Schumacher is also extremely suspicious about the position of the Saar in the Schuman scheme: he reacted particularly strongly to a proposal (since denied) of the Saar Minister-President that the Saar should have separate representation, which he described as a French attempt "to prise the Saar loose from Germany" and "a slap in the face for the European idea". He has subsequently demanded a full debate on the Saar question before the Chancellor leaves for the discussions which are to precede signature of the Treaty, and has objected to any arrangement by which the Saar would be admitted to the Plan or would become an associate member. Likewise, he would object to France's signing the Treaty on behalf of the Saar, as this would later be adduced as proof of France's political guardianship of the Saar's interests.

3. The S.P.D. press has re-echoed Dr. Schumacher's criticisms, adding that, contrary to the assertions of the Federal Chancellor, the introduction of Schuman Plan complications had in fact worsened the position of the German Government in its efforts to preserve the principle of combined ownership and the German coal sales organisation.

4. The German industrialists

The feelings of the German industrialists about the Schuman Plan are evidently mixed. On the one hand there is still the tacit hope that the Plan will give them in the long run an opportunity to assert

primacy over the heavy industries of Western Europe, and they have refrained from any outright condemnation. On the other hand, they are naturally far from happy at the compromise over combined economy and the coal sales organisation and have considerable doubts whether the structure provided under the Treaty in its latest form will not lead to an objectionable degree of dirigisme. Their fears, expressed in a number of inspired newspaper articles, are that the plan will lead to the establishment of a centralised bureaucracy, interfering in the details of management, pricing, etc., and they would naturally have much preferred a decentralisation of powers to producers' associations in regional areas. The same articles show that they attach great importance to the question of voting-power in the High Authority: they will do their best to hinder any arrangement similar to that of the International Authority for the Ruhr, whereby Germany could be permanently outvoted by her French and Benelux partners, and are suggesting that votes should be weighted according to the amount of the coal and steel resources which each participant country brings to the pool. On this point, the views of German industrialists and Dr. Schumacher appear to coincide: at a press-conference held on 9th April, Dr. Schumacher complained that Germany was not given her due representation in the General Assembly on the High Authority. She produced 54% of the coal and 38% of the steel of the Schuman plan block, yet she received only 25% of the membership of the General Assembly and only a single member on the High Authority (this is the first that has been heard here about these figures).

5. Prospects of German ratification

In spite of this opposition, there is a reasonably good chance of ratification of the Treaty by the German Parliament. The two lines of opposition cancel each other out to some extent. If the Social Democrats, as is probable, stick firmly to their oppositional attitude, it will be the easier for the Federal Chancellor to persuade the Free Democrats (or Liberals), who in main represent the German industrialist interests, to accept the political necessity of signing the Treaty in spite of economic disadvantages, and thus to preserve the

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coalition front. If the industrialist interest persisted in its opposition in the Federal Parliament, it would ease (though not necessarily secure) a change of front by the Social Democrats.

For the purpose of keeping the Free Democrats in line, much depends on whether the Germans can secure anything that can be represented as a concession at the forthcoming Ministerial negotiations on procedural and constitutional points, and on whether the Federal Chancellor can indicate that some understanding has been reached about the dissolution of the Ruhr Authority.

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