

S E C R E T

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CABINET

THE EUROPEAN DEFENCE EFFORT AND EUROPEAN
INTEGRATION SCHEMES

Memorandum by the Secretary of State for Foreign Affairs

The purpose of this paper is to consider what we could do by way of precept and exhortation to stimulate the defence efforts of Western European Governments, and to examine the connected question of European attitudes towards schemes of continental integration.

2. Western European Governments are hampered in their defence efforts by the state of mind of their people, large numbers of whom are either opposed to rearmament altogether or are afraid of its economic and political effects. Over a quarter of the population of France and Italy still vote Communist either for social and economic reasons or because of Soviet peace propaganda. Among the non-Communists there is a widespread feeling that rearmament is at best useless and at worst dangerous; useless because it may not be enough to stop the Russians, dangerous because it may provoke the Russians to attack while in the meantime undermining prosperity and so increasing the forces of native Communism. There is also a certain restiveness as to what is conceived of as American pressure, combined with anxiety about the purposes of American policy, though the Americans are still relied on for aid. The Governments thus lack the necessary popular support to put any drive into their rearmament efforts. Their unwillingness to impose the necessary sacrifices on the better-to-do sections of the population (on whom politically they tend more and more to depend), combined in many cases with archaic fiscal systems, acts as an impediment to increased production, and they use the argument that to impose additional burdens on the population to finance rearmament would be playing into the hands of the Communists.

3. There is also a fairly widespread feeling on the Continent that the nation is no longer a viable political unit and that the survival of Western Europe depends on the creation of some type of larger unity. The frustration of this urge for unity to some extent contributes towards the lack of enthusiasm for rearmament, though the strength of the urge and the reasons for it vary from country to country. It seems to be strongest in France and Western Germany, fairly strong in Italy, Holland and Austria, and least strong in the Scandinavian and Iberian countries. In all cases support for European integration is based on a blend of idealism and political motives, economic motives seeming to play little part. The main motive of the Germans is no doubt to regain national equality, for they can count on their national strength to assure for their country the position of primus inter pares in any integrated European system. The French aim is to unify Western Europe both against the Russian danger and against the excessive influence of the United States, and to bind Germany securely

to the West. There also appears to be a certain variation of attitude towards the different possible forms which integration might take. The most advanced form, that of a United States of Europe, is advocated only by extremists. There is a good deal of support for the 'Strasbourg thesis', i. e. the surrender by Governments of policy on selected subjects to a central supra-national authority, but this seems everywhere to have lost ground in favour of what may be described as the 'Schuman Plan Concept', i. e. a pooling of sovereignty not primarily or directly over policy but over 'commodities'. This concept finds little support in the Scandinavian and Iberian countries, and it is precisely in these countries that most support is to be found for the North Atlantic Treaty principle. The French for their part are beginning to appreciate the value of the Atlantic connection but they regard the North Atlantic Treaty Organisation not as integration but merely as a modernised form of the old-fashioned system of alliances and they would like to go further than this. There is no doubt an element of escapism in all schemes of integration and some of their supporters are no doubt animated by 'neutralist' sentiment.

4. It follows from the analysis in paragraph 2 above that we should:-

- (i) take what opportunities we can to help persuade the Europeans generally:-
 - (a) that the North Atlantic Treaty powers are capable of producing a system of defence sufficiently strong to stop the Red Army on the frontiers of Western Europe;
 - (b) that the process of rearmament is not likely to provoke Russian aggression but that on the contrary weakness will invite it;
 - (c) that the sacrifices involved in present rearmament programmes have been much exaggerated in some quarters especially if increased production can be achieved;
- (ii) in addressing ourselves to European statesmen at international gatherings, dwell particularly on the themes of social justice and fiscal reform.

It also follows from the analysis in paragraph 3 of European attitudes towards schemes of integration that it would:-

- (iii) at least help to rally European interest in rearmament if, even when we ourselves intend to remain outside schemes of integration, we would counter the impression, prevalent on the Continent, that we are hostile to such schemes.

5. There is little in the way of precept and exhortation which we can do to put across theme (i)(a). So long as N.A.T.O. ground and air forces are manifestly inferior to the Red Army the Europeans will continue to suffer from a feeling of insecurity. Theme (i)(b) has for long formed part of our propaganda on the nature of Soviet imperialism and there are no obvious new measures for us to take to drive the lesson home. There will, however, be a number of opportunities during the next few months for expounding our views on themes (i)(c), (ii) and (iii).

6. The Chancellor of the Exchequer took the opportunity of his visit to Paris on 13th July to fire some opening shots. The theme of his conversations with the other European statesmen was the apathy prevalent

in Europe and the threat created by rearmament to the standard of living as a result of the consequential rise in prices. He pressed his view that the rise in prices (cost inflation) was the main issue and he expressed the hope that when the Consultative Assembly of the Council met in October the debate might be steered to bring out the need for fiscal reforms and social justice. There is general agreement that the Organisation for European Economic Co-operation should communicate a further and more stimulating report to the Assembly of the Council of Europe for their debate in October and I understand that the Chancellor will be willing to present this report to the Assembly himself, if others are agreeable. This will give him the opportunity of further enlarging on the themes in question.

7. The Committee of Ministers of the Council of Europe meets in Strasbourg on 2nd August. I will then have an opportunity to take up the same themes myself as well as to define the attitude of His Majesty's Government towards projects of Continental integration. While it will be essential for me to reaffirm the attachment of the United Kingdom above all else to the Atlantic connection I would also like to take the opportunity of making a gesture of friendship towards the "Schuman Plan Concept" (not to the Schuman Plan itself). There would be no need for me to suggest the possibility of British participation in any schemes of integration but I could go some way towards removing the belief that we are automatically opposed to all ideas of European integration even without our participation. I would have to choose my remarks in order not to appear to be blessing any project for integration which might be put forward and I would not propose to mention any particular project by name.

8. Finally the Council of the North Atlantic Treaty will meet probably in Ottawa in mid-September. This will be the main occasion on which to put pressure on the European Governments to increase and speed up their defence efforts. The Financial and Economic Board of the North Atlantic Treaty Organisation will almost certainly be submitting a report to the Council, the primary purpose of which will be to examine the economic implications of rearmament and the relative burdens on the economies of the different countries of the defence efforts to which they are pledged and to offer some suggestions as to the methods by which these direct burdens of defence might be equitably shared. The United Kingdom representative on the Board is being instructed to try to ensure that the report brings out the lesson that the burdens already accepted by the European countries are not so grievous as some of their Governments have been inclined to pretend and that the remedy for many of their difficulties lies in their own hands. At the same time we will also bring out the burdens imposed on many countries by the sharp deterioration in the terms of trade. Ministers attending the Council meeting will be able to rub these facts in.

9. I invite my colleagues to endorse the general line of action suggested in paragraphs 6 - 8 above.

10. Since this paper was drafted I have had a report from the United Kingdom Delegation to the Organisation for European Economic Co-operation that M. Stikker and M. Marjolin have made certain proposals which may involve some modification of the details, though not of the general line and purpose of the programme of action which I have outlined.

H.M.

Foreign Office, S.W.1,

27TH JULY, 1951.

