

# Statement by Jean Monnet to the Council of the Allied High Commission (Petersberg, 23 May 1950)


**Caption:** In an address to Members of the Council of the Allied High Commission for Germany, Jean Monnet recalls the origins and the fundamental objectives of the Schuman Plan and defines the scope of the powers held by the ECSC High Authority.

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## Mr Monnet's statement to the Council of the Allied High Commission, Petersberg, 23 May 1950

Mr MacCloy, the American High Commissioner and President-in-Office, welcomed Mr Monnet and said that the Council was keen to hear what he had to say about the French Government's proposals of 9 May. The proposals had kindled hope throughout the world, particularly in Germany. People had been impressed by their innovative, generous and simple nature. Mr MacCloy himself thought that, apart from the Marshall Plan, there had been no more important a proposal since the war.

Mr Monnet explained the origins and general scheme of the Schuman proposal.

### The origins of the Schuman Plan

For several months, Mr Bidault, Mr Schuman and most members of the French Government had been concerned at the sight of the efforts to achieve European unification foundering in fruitless conferences and discussions, within the OEEC (Organisation for European Economic Cooperation), in Strasbourg and elsewhere, with little positive outcome. In their view, were that state of affairs to continue, the general public, both in Europe and worldwide, were likely to be extremely disappointed, and the opportunity for *rapprochement* between the peoples of Europe perhaps lost forever.

Mr Schuman felt that it was essential to make the governments and public understand that the unification of Europe could benefit the community and would come about, despite all the obstacles, only if the peoples of Europe saw the prospect of unification as being in the common interest. Abstract concepts about European integration meant nothing to the general public, but they could immediately appreciate the concept of the common interest, a real benefit. The response to Mr Schuman's proposal demonstrated that. The general public had not wondered about the obstacles to its achievement; they had immediately understood the practical impact that it could have and had given the proposal their enthusiastic backing.

In fact, all the states of Europe needed to reorganise their basic industries, and all faced similar difficulties in that regard. National resources may have been adequate when the problems were on a national scale, but now they were no longer sufficient; new methods were needed. Europe needed a common authority to tackle common problems.

That is why Mr Schuman's proposal deliberately did not describe the High Authority in detail. It laid down the principle that the Authority must exist and must have the power to impose its decisions on governments. As far as its constitution and *modus operandi* were concerned, the French Government wished to see each of the participants contribute their own ideas in the course of the treaty negotiations. Any attempt to distil national sovereignties into a federal sovereignty came up against the diverse traditions, needs and political and economic circumstances of the states of Western Europe. Europe's strength was its diversity. It was impossible to champion individualism and, at the same time, seek to merge the individualism of nations into a monolithic bloc. The federal concept was inapt when applied to countries so developed and so diverse. If, however, the common interests of the states in relation to specific issues were taken into account, a common solution could and had to be identified in those common interests. Applied to the key areas of the life of nations, that method had to involve *rapprochement* in all other spheres.

### Analysis of the Plan

One thing had to be made clear, and that was the sincerity of Mr Schuman's proposals. The whole Plan was covered by the Foreign Minister's declaration. The French Government had no covert agenda, nor was it keeping anything back.

As soon as the governments signified that they approved the proposals set out in the 9 May declaration, France would invite them to send representatives to a conference convened to draft a Treaty binding on the States. That Treaty would have to be approved by the parliaments and ratified by the governments. It could be a very simple document, its main purpose being to define the tasks that the governments would confer on

the High Authority and the powers of that body. It would not, therefore, be a technical document. The bulk of its provisions could practically be said to be already included in Mr Schuman's Declaration.

The Authority would be given a precise and specific mandate in the common interest. Its decisions would be binding on governments, and they would have to implement them by the means that each considered appropriate. Procedures for appeals against decisions of the High Authority would have to be established. The authors of the French proposal had the International Court of Justice in The Hague in mind for that, but they doubted whether the International Court — basically a court of law — would be the right body to take on that responsibility.

The negotiations that the French Government was proposing were, therefore, in no way negotiations between experts. Not until later, when the Treaty had been signed, and the governments and parliaments had stated their readiness to take a specific measure would the technical experts have to find ways of attaining the objective that had been set; it would be their task to implement it.

The French Government had proposed that the High Authority be given responsibility for supervising coal and steel resources, not only because of their economic significance but also because of the political interest attaching to them. In the public perception, Western Europe's coal and steel, coal from the Ruhr and steel from Lorraine in particular, were linked to the concept of security. Any proposal designed to prevent those resources from being used for war was, therefore, certain to meet with widespread public support. That had happened: the commentators had immediately stressed that, if Mr Schuman's plan were implemented, war between the countries of Western Europe would never again be possible.

At the same time, coal and steel played such an important role in the countries' economies that pooling the coal and steel resources of several countries was bound to result in more or less extensive harmonisation of their economies. All of France was significant here: Mr Monnet's proposal for modernising the French industrial base principally embraced coal and steel production, but its implementation would bring changes in almost every other area of the French economy. There was an even more striking example: for several months, a bill had been before the Italian Parliament concerning the construction, in northern Italy, of large-scale steelworks which would have cost thousands of millions of lire but which would have given Italy a degree of independence in regard to steel production. But, if the Schuman Plan were put into effect, Italy would be able to purchase all the steel that it wanted, at the lowest producer prices, so that such investment no longer made sense. A few days ago, the Italian Government had withdrawn the bill in question — the first positive result of the Schuman Plan.

Clearly, the process of gradual harmonisation could have effects on the system of ownership. That would happen over time, and there was no question of asking the signatory governments for any undertaking in that connection. The Treaty would be concluded among states: it was, therefore, possible that the High Authority's decision would affect private sector industry in some countries and industries operating on Socialist principles or nationalised industries in another.

It is equally evident that, if a common selling price were set, inefficient producers would be eliminated. It was not the Schuman Plan or High Authority that would condemn them. They were already condemned and were surviving only because of protection measures, to the detriment of national living standards. But implementation of the Plan would show the public that inefficient producers must — inevitably and rightly — disappear. In that context, the Plan took the opposite approach to the former cartels that were basically designed to support prices and protect the least well-placed producers. At the same time, discriminatory practices, dumping and so on would all disappear and, inevitably, prices would fall.

There were two problems: how would the equalisation process work? And how would the markets be allocated? The latter point needed some discussion, and there would certainly be some difficulties, but that was no reason to be deterred in advance. There was a direct answer to the question of equalisation: levelling up was required, not levelling down. The aim was to raise standards of living. It was no longer feasible to raise the standard of living of workers in one country while the standard of workers in another remained poor. A higher standard of living could be defended at national level only in the short term, to the detriment

of the final outcome and the common interest.

How, in practice, would it be possible to adjust upwards the differing standards of living of the peoples of the signatory states? It would be for the technical experts to determine the conditions and the means. Mr Schuman's proposal provided that, until equalisation was achieved, transitional measures — equalisation or conversion funds — would have to be introduced. But the equalisation funds should not be used to help companies to survive that were no longer viable. On the contrary, they should enable those companies to change and adapt to the new circumstances. That way, the sudden closure of some factories and the population movements that would normally follow but were not yet customary in this part of the world could be avoided. Naturally, each government would remain free, if it felt the need, to subsidise a particular industry directly from the national budget. But it would not be able to do so for long, and this should only be a transitional measure, designed to facilitate adjustment.

In that same spirit, the Plan's implementation would establish a kind of 'tariff bloc' in relation to two vital products. It would be essential that the States did not grant subsidies to their nationals by way of compensation. That would be tantamount to dumping within the group.

Those, then, were the bases that the negotiators would have to accept from the outset. The idea was to create a common body responsible for looking to the common interest and stating what needed to be done to achieve that common interest. If the Plan were implemented, the conditions for harmonising economies and levelling standards of living upwards would gradually become clear. The basis was not of the abstract principle of coordination or harmonisation, we wanted to do something specific to bring about coordination and gradually achieve harmonisation. A framework was being established: if the governments accepted it, the technical discussions could proceed within that framework. We did not want to be hampered by experts from the outset and held back by their inevitable objections. They would be set a goal, and they would have to find the means to achieve it: that is what they were there for.

In conclusion, Mr Monnet stressed that, as well as having its own merits, Mr Schuman's proposal gave the Germans, in particular, reason to hope and have confidence in the future.

Mr MacCloy asked Mr Monnet what kind of negotiator he thought the US Government should appoint to conduct the negotiations.

Mr Monnet's view was that the negotiator should not be an industrialist, since this was not a technical proposal. The negotiations might well become technical at a later stage. For the time being, it was principally a political issue. However, a politician was not the right person either — after all, it would be dangerous to make so important a matter a party political issue. The negotiator needed to be someone generally versed in business, with some experience of international negotiations, who enjoyed real authority in relation to his national government and public opinion. The government representatives to the High Authority needed to be independent eminent persons.

Mr MacCloy fully endorsed that approach.

General Sir Gordon McReady (British High Commissioner *ad interim*), drew attention to a legal problem: the Germans were currently subject to High Commission control; coal and steel were subject to confiscation. In those circumstances, could the German Government be authorised to engage in negotiations, in a sovereign capacity, on Mr Schuman's proposals, without the presence of allied observers?

Mr Bérard replied that the Federal Government would have to be authorised by the High Commission to enter into the envisaged negotiations. However, once it had that authorisation, it should be able to negotiate in a sovereign capacity, given that the commitments that it would give were without prejudice to all the obligations imposed on it in other respects under its occupied status and the allied controls and that, before it was signed, the agreement into which it would be entering would have to be referred to the High Authority for approval.

Mr MacCloy deemed it important that the envisaged negotiations should take place, as far as Germany was concerned, in a good atmosphere and that the German Government should be seen to enjoy total freedom of decision. Moreover, since the negotiations were to take place with one of the members of the High Commission, and since the draft Treaty would have to be submitted to the High Commission, the French High Commissioner could be relied upon to keep his colleagues informed of the progress of the negotiations.

General McReady agreed with the American High Commissioner. However, he noted that, while this was a desirable procedure, it was nonetheless a significant innovation as far as Germany, and its relations with the High Commission, were concerned.

Mr Monnet said he was not the French High Commissioner and would leave it to Mr Bérard to take up that point. He did not, however, believe that the presence of observers was desirable. Given the extent of the commitments that Germany would be giving, it was vital that no one could subsequently dispute that they had been freely given.

At Mr Bérard's request, Mr MacCloy added that the High Commission was very much in favour of Mr Monnet's holding a discussion with Chancellor Adenauer about the entire French proposal. The High Commission formally authorised Mr Monnet to tell the Chancellor that he could ask the High Commission for permission to enter into the negotiations and that permission would be readily accorded.

General McReady made a further point: the High Authority would not intervene within states, but it would give governments instructions, the application of which was likely to have a major impact on the general economy of the countries concerned. Consequently, the governments would have to confer on themselves the powers required to implement those decisions. That implied that, in the states signatory to the Treaty, there would no longer be any place for a liberal regime on the American model. In short, sooner or later, the signatories to the Treaty would find themselves applying systems involving central economic control.

Mr Monnet noted that you could discuss endlessly what liberalism meant these days. He acknowledged that the governments would have to have certain powers, but he also stressed that it was not necessarily essential for them to adopt dirigiste methods. In France, for instance, the Plan that he had drawn up had been applied to all the basic industries, even though only the coal mines were nationalised and the other sectors of the economy remained in the private sector. In fact, the goal was the common good, optimising productivity — even private companies were inclined to support the proposed measures. If necessary, in the final analysis, governments in every country controlled credit, and they could use that indirect means to take very effective action.

Mr MacCloy fully concurred. The role and powers of the Authority could be compared to the port authorities in the United States or the Niagara Authority. These were independent bodies that administered certain ports and the St Lawrence Falls, on behalf of and for the benefit of more than one state. It would probably be worth looking at the statutes of those bodies when the statutes of the Coal and Steel High Authority were being drawn up.

In conclusion, Mr MacCloy conveyed to Mr Monnet the High Commission's good wishes for his discussions with the Chancellor. He himself was persuaded that Mr Monnet would find Chancellor Adenauer extremely well disposed to the Plan.