

## 'Coal and steel – the foundations of European unity' from the Süddeutsche Zeitung (22 June 1951)

**Caption:** On 22 June 1951, during the intergovernmental negotiations regarding the establishment of a European Coal and Steel Community, the German newspaper Süddeutsche Zeitung lists the economic and social problems that the Six will have to face.

**Source:** Süddeutsche Zeitung. Münchner neueste Nachrichten aus Politik, Kultur, Wirtschaft, Sport. Hrsg. FRIEDMANN, Werner; GOLDSCHAGG, Edmund; SCHÖNINGH, Dr. Franz Josef; SCHWINGENSTEIN, August ; Herausgeber FRIEDMANN, Werner. 22.06.1950, n° 141; 6. Jg. München: Süddeutscher Verlag. "Kohle und Stahl - Grundlage europäischer Einheit", auteur:Kreyssig, Gerhard , p. 11.

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## Coal and steel — the foundations of European unity

**The negotiations concerning the Schuman–Monnet Plan, which began in Paris on 30 June, are the first attempt to deal with Western Europe’s coal mining and steel industries from a common, unified standpoint and to achieve economic restructuring in Western Europe through supranational cooperation in its most important primary industries. A supranational ‘High Authority’ will be established, and its resolutions and decisions will be binding on those governments involved — a world first.**

**The special supplement in today’s *Süddeutsche Zeitung* aims to show the position of the coal and steel industries as they stand in Western Europe and the many problems that will have to be solved if the Schuman–Monnet Plan is ever to become a European reality. Neither a ‘Europe Plc’ of primary industries nor a ‘mammoth cartel’ would be a solution that would really offer Europe a new economic foundation. A simple allusion to the dangers of solutions such as these suffices to demonstrate the scale of the task being undertaken in Paris. In order to present as wide-ranging a survey as possible, we have not been afraid to illustrate the contrasting views about the issue; they will become evident as much through personal opinions as through economic facts. Anyone attempting to lay the foundations of a future European coal and steel union must be aware, not least, of where and why opinions about it differ.**

The French Foreign Minister, Robert Schuman, whose name in European history will always be associated with the Plan drawn up by Jean Monnet for the unified management and administration of the Western European coal and steel industry, emphasised on the day before the negotiations began that all considerations about the foundations of the Plan during the coming months in Paris would of course be based on achieving the highest possible level of employment for Europe. That means no more and no less than that France has committed itself to the principle of full employment, which is hardly surprising since, on 15 April 1950, France had a total of only 61 822 unemployed, 39 933 of whom in Paris and the surrounding area. Full employment has been achieved in France to an even greater extent than is the case in Great Britain. The Free Trade Unions of all the countries involved take the same view. Since labour market conditions in Belgium and the Netherlands are equally favourable, the fact emerges that, of all the countries involved in the Schuman–Monnet Plan, only Germany and Italy have to cope with the extremely serious problem of unemployment.

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A second question seems on principle to be equally clear — we know that the Schuman–Monnet Plan will have met its objectives only if it is able to bring about a continual, long-term rise in the standard of living in all the countries involved, as well as an increase in production and jobs (or at least the long-term maintenance thereof). The President of the French Economic Council, Jean Jouhaux, has placed particular emphasis on this (see leading article in SZ No 133 of 13 June). Here, too, the view coincides with that of the trade unions, who, at their congresses and during consultations in connection with the Schuman Plan, have demanded not only an upward adjustment of wages but also enforcement of the principle of parity.

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The question of parity is a third fundamental point. Schuman declared from the outset that the countries in the new supranational High Authority should have equal representation and equal rights. Parity in the context of a modern economy means effectively that capital and labour are given equal status — hence trade union demands for representation on the High Authority alongside governments and industry. A role model in this respect, if not exactly an example thereof, has existed for decades in the tried and tested form of the International Labour Office, now the International Labour Organisation, a United Nations agency based in Geneva. There a tripartite system is in operation, in which governments, employers (through their federations) and the workforce (through their trade unions) are represented in equal numbers and with equal rights. The Federation of Free Trade Unions is demanding equal representation with employers primarily because they, as the economic representatives of the workforce, believe that that is the only way to ensure an

effective defence of the demands for adequate wages, good working conditions and safeguarded social security. As far as wages and living standards and the Schuman–Monnet Plan are concerned, ‘levelling up’ seems to be the main principle on the basis of which the way forward will be determined.

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The consumer in general will clearly expect the Schuman–Monnet Plan to offer ‘service to the customer’, in other words, that this plan for the Western European coal and steel industry will, in principle, be a ‘public European service’. That means, in effect, gearing increased production towards lower prices. It would, therefore, be exactly the opposite policy to that pursued by the former cartels and syndicates such as the International Pipe Steel Community. Expansive production is what characterises modern economic practice, and just remembering the notorious policy pursued by the former international cartels should serve as warning enough to prevent half a job being done and the creation of something which seems fine in theory but which in reality differs little from the working methods of the old-style cartels.

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Only those who have the insight to realise that a centrally planned economy is not synonymous with a state controlled economy — those who, in the face of the facts, no longer talk stubbornly about planned economy and private economy — or to be more precise, maintain that order and private enterprise are quite incompatible, will be able to deal fully with the problems that the Paris Conference is trying to resolve.

France’s economy is marked and its specific character determined by Jean Monnet’s consistent and logical planning. He has understood the need to develop his country’s economy in terms of production by means of a five-year plan, the usefulness of which employers have been convinced — a development that an uncoordinated, free economy would have been hard pressed to achieve. France’s coal industry has, therefore, been taken under state control, with the iron and steel industries left in private hands. The economic policy of the Netherlands is very similar to that of France. Germany finds itself at the stage of having a semi-regulated market economy, with both primary industries in the hands of trustees. Accordingly, we now have a unique situation in which the countries involved in the Schuman–Monnet Plan (with the exception of Italy) retain additional control rights over German primary industries through the Ruhr Authority even after the High Authority had come into being. Germany therefore emerges as the partner by far the most handicapped by the deal, indeed the only one not to enjoy freedom.

Belgium, Luxembourg and Italy could therefore be called the free-market members of the European coal and steel union, with Italy the only country that does not produce coal and iron and which must therefore import the raw materials to produce steel.

If Great Britain were, or were to become, a member of the Western European coal and steel union, a country with an economy run along Socialist lines would sit alongside the free-market but centrally planned French economy, the regulated German economy and those members whose industry is largely in private hands. This is a country whose coal mining industry has been nationalised and whose iron and steel industries are set to pass into the hands of the nation, even though its implementation is still being delayed.

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It is clear that the Schuman–Monnet Plan would be doomed to failure if one of the countries involved tried to impose its way of running the economy on the others. The success of the Plan depends more on whether the practical measures agreed give every country — irrespective of its economic practices and principles — the possibility of full and unqualified cooperation. This view does not mean, however, that there are not certain political dangers present or that political and economic pressure cannot be brought to bear by some. These will probably be particularly persistent in Germany, as there is little doubt that the former owners of coal and steel groups, who, according to Law 75, should not get their property back, will try to do so with French or other partners. The ‘Comité des Forges’, the French heavy industry federation, has already hinted as much with the suggestion that Germany has no suitable employers’ association that would be an obvious

partner in negotiations. As is well known, we have the steel trustees, who, as the name suggests, are running German heavy industry 'in trust', with the question of property rights still unresolved. In view of the American policy of cartelisation or decartelisation, the 'Comité des Forges's' remark will, however, scarcely gain more significance.

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If we look even more closely at the issue of what direction the combined Western European coal and steel industry should take and on what principles it should be based on a practical level — and it is that level on which the whole undertaking depends — then the greatest obstacles in the way of the Plan's success are the location conditions and the varying levels of production in both industries in the countries concerned. Just as wages and output per head and per shift in coal mining and output in the steel industry are determined, on one hand, by the varying standards of living of the people in the countries concerned and, on the other, by the technical capability of the industries in each, so the location conditions and current market conditions determine the various levels of production in the Western European coal and steel industry. The upshot of both these elements is huge disparities in coal and steel costs (and therefore prices), the levelling of which is seen as one of the principal tasks of the Schuman–Monnet Plan. Add to that the fact that the development of the coal and steel industry in all of the countries involved is influenced considerably, if not decisively, by that country's existing customs policy and that, the day before the talks began, Schuman described the abolition of customs barriers, the levelling of transport costs and the opening up of markets as necessary steps, then it becomes abundantly clear that the meeting in Paris is the first part of an economic experiment of unparalleled importance for all those involved.

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One last point needs to be made: the European coal and steel union would lose all meaning and would not achieve its European aim if it tried to keep for ever the current balance of power in production, which, in the bigger political economic and political picture, is arbitrary anyway. This would lead to sterile economic conditions and make future developments, which are in the interest of the whole of Western Europe, decidedly difficult, if not impossible. The 'operations statute' of a Western European coal and steel union must therefore be elastic, in order to allow for a natural, dynamic development. Only then can the fundamental political and economic aim be achieved: the promotion of a Western European division of labour. Only by selecting the most favourable location and most profitable production conditions can this in turn achieve the goal that is in the interests of all: the achievement of maximum performance and competitiveness compared to America and the rest of the world.

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I believe that these observations provide a reasonable outline of the key problems that a European coal and steel union would face.

Gerhard Kreyszig