

'The harsh realities' from Die Welt (19 August 1952)

Caption: On 19 August 1952, the German newspaper Die Welt reports on the struggle undertaken by France and the Federal Republic of Germany to regulate the markets and to increase their productivity of iron, steel and coal within the European Coal and Steel Community (ECSC).

Source: Die Welt. Unabhängige Tageszeitung. Hrsg. SCHULTE, Heinrich ; Herausgeber KOMMA, Albert. 19.08.1952, n° 191; 7. Jg. Hamburg: Die Welt. "Die harten Realitäten", auteur:Helbig, Adolf , p. 2.

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The hard realities

Race to increase production in the Coal and Steel Community

By Adolf Helbig

The first steps of the Coal and Steel Community are difficult and not particularly encouraging. This is understandable for such an international entity with an entirely new character, in which a number of different countries with widely differing economic structures are working together. An institution of this kind is without precedent. It is obvious that the danger of political and economic contrasts between the individual partners, especially between France and Germany, has by no means been overcome with the foundation of the Community — in spite of long and lively discussions beforehand.

French concerns

One of the first difficulties to arise was the still unsolved problem of the Saar. According to Schuman's calculations, the economic strength of France including the Saar accounts for approximately 34 % of the total of the combined economic potential in the Coal and Steel Community, while the Federal Republic of Germany accounts for over 35 %. If the Saar were put under European control, then the French proportion would sink to 27 %, just as it would if the Saar were reunited with Germany, in which case Germany's share would rise to 42 %. There are still greater concerns among the French about the position that would arise if Germany were reunited.

The spectre of excessive German economic might naturally causes France to review its position and to consider an extensive expansion of the French potential as an objective. Heavy industry in France has long been aspiring to intensive development of its coal and steel production. French coal output is to be brought up to 60 million tonnes by 1955. The French steel industry, which opposed its incorporation into the Coal and Steel Community until the last moment, has, to date, spent DM 800 million on the most up-to-date broad-strip mills to be found anywhere.

In addition to this, heavy industry in France is endeavouring to strengthen its influence at international level by taking shareholdings in Belgium, Holland and Germany, too. This investment is primarily intended to secure coal and coke supplies as far as possible, and also, now that the customs barriers have come down, to secure the operational partnership between French steel works on the one hand and the relevant foreign coal mines and coking plants on the other. This is also the direction being taken by the efforts aimed at acquiring the majority holding of the mining shares in 'Constantine the Great' from their owners, Krupp.

The increasingly apparent intention of the French to become largely independent of the German coalmines in the Ruhr, as well as to increase steel and rolling-mill production to a considerable degree, has been the cause of some justified misgivings among the leaders of West German industry as to the economic balance between the partners. In this context, it is also important to note that the raw materials from the French overseas territories, including Algeria, which are important for the production of iron, remain excluded from the Coal and Steel Community's pool.

French investment activity in the area of coal and steel, which had previously been very strong, will not encounter any restrictions as a result of the attempts to increase capacity, so it is feared on the Ruhr, although, according to the Treaty, this activity is to be regarded as incompatible with the common market for coal and steel. These concerns are no doubt justified. If France were to support its present investment plans with subsidies, it can be predicted that this would trigger a general race to invest, which not even the High Authority is able to control or to restrain. The inescapable consequence would be the creation of over-capacity that would have nothing short of a disastrous impact on the entire economy of Western Europe, once the boom in armaments is over. This competition for capacity and concern for the economic balance constitute one of the fundamental weaknesses of the Coal and Steel Community as a whole, one which is not likely to be easily overcome.

Anxiety and mistrust

The initial essential task of the Coal and Steel Community at the moment is the creation of the most important authoritative bodies, that is, of the Consultative Committee and the Court of Justice. To date, apart from the President of the Court of Justice, no names have been officially announced. This has not prevented the names of some French members, who are unofficially expected to be chosen, already becoming known to some groups in industry in the Ruhr. In any event, this information has been the cause of some anxiety and some very deep mistrust because it apparently concerns individuals who have been acting as nothing less than initiators in the efforts to break up the big companies on the Ruhr.

This mistrust is entirely understandable, if there were to be some truth in the proposed appointment of these members. The breaking up of the of heavy industry monopolies, or demerging, however it may be termed, is one of the most delicate problems involved here; those affected in the Ruhr have admittedly come to terms with it, but it has not been forgotten. It would therefore be wrong here to pay no regard to every care and consideration.

The overall smooth functioning of the Coal and Steel Community will depend to a decisive extent on the individuals appointed to the leading positions. This also applies, of course, to the German side. There are some concerns here, too. There is obviously no doubt and it is nothing short of essential in this situation, that it is not politicians but practical businessmen, experts, who are deemed suitable to serve on the committees and, within the framework of healthy competition between the members, to prepare the way for the implementation of the Coal and Steel Community and to secure its long-term future.

On both sides

For the countries of the Coal and Steel Community, customs duties on iron and coal will also end after a certain transitional period. There are fears on both the German and the French side that this will mean the onset of a price war. However, the arguments on both sides are now cancelling each other out to a certain extent. It goes without saying, of course, in this situation, that the cartel-like associations in France would have to be dissolved, just as has already happened in Germany.

There is still uncertainty about the problem of foreign trade in coal and steel, which, for all the Member States, is to be taken directly into the control of the High Authority. It will be impossible here to avoid a revision of previous trade agreements between the individual partners and non-member states. Of course, it is possible that misunderstandings could also arise here. However, one difficult question still remains unanswered. What form of cooperation will there be between the Coal and Steel Community and Britain?

It seems, therefore, that a whole series of problems remain to be solved. Each one on its own is thorny enough. And, of course, the starting position is not the same for all partners. The Achilles heel of the Coal and Steel Community is, and will continue to be, the relationship between Germany and France.