The Schuman Plan and Germany

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IS WESTERN EUROPE ON ITS WAY TO UNION and salvation of itself and perhaps of all civilization?

The answer to that question may well be the hinge on which the door of freedom can be slammed shut or opened wide to the aspirations of man everywhere. The historic decision is up to the parliaments of six Western European nations to make in their consideration of the Schuman Plan.

By ratifying the plan to pool continental Europe's steel and coal industries, the six parliaments can give an affirmative answer and usher in an era of greater prosperity and increased security. By rejecting the Plan, they will be inviting recurrence of disastrous events which were the outgrowth of hostile economic systems that made the Rhine the dividing line of Europe.

Final legislative approval of the 50-year industrial treaty would be a long step toward European political and economic federation and consequently toward peace.

Representatives of West Germany, France, Belgium, Holland, Luxembourg and Italy approved the Schuman Plan on March 19 after nine arduous months of negotiating. In its finally accepted form, the Treaty carefully safeguards the legitimate interest of all countries concerned and imposes no sacrifice that is not more than compensated for by economic gains which are certain to accrue, to say nothing of the political and military advantages which the Treaty offers.

THE PLAN HAS FOR ITS PURPOSE the creation of a free market in coal and steel so that every user of these products in the signatory countries can obtain a fair share of the supply. It is also intended to bring about a constant expansion of production and consumption to the benefit of the general public of the participating countries by broadening the market and by fostering industrial expansion.

From the point of view of the German worker, the benefits of the Plan are evident. The Plan contemplates the progressive closing down of uneconomic mines in other countries. This will cause the market for Ruhr coal to expand, providing greater and more stable employment for its members. With the breaking down of artificial barriers, the German steel industry will be able to reap the full benefits of the productive efficiency which has always been its boast, again to the benefit of its workers in terms of levels and stability in employment. At the same time German industry will be put to its mettle since enterprises in the other countries will also try to increase their efficiency.

This healthy natural competition will operate to the benefit of all persons in all of the member countries, since it will tend to lower prices for steel and for the countless products using steel. This in turn will lead to an increased consumer demand for these products which will increase productive output, thus increasing employment in the basic industries. This kind of ascending spiral is not merely an idealistic hope or dream. Its practicability has been demonstrated in those countries where it has been permitted to operate as the Plan will permit it to operate in Western Europe.

The average citizen in each of the six countries has a major stake in making the Plan work. For example, if he is a carpenter, it should provide him with cheaper nails for his work and cheaper coal for heating his furnace at home. This lowering of cost will not be done by any legerdemain of state control or state subsidy. Instead, the Plan will eliminate tariffs on raw materials flowing from one country to the other. It will eliminate wasteful practices and uneconomic producers while at the same time, by insuring competition, it will guarantee that these savings are passed on to the consumer.

BESIDES INCREASING PRODUCTION and lowering prices, it is hoped that the Plan by sweeping away trade rivalries and tariff barriers, may be the first step toward realizing the dream of a United States of Europe. In addition, since coal and steel are essential in the waging of modern war, many people feel that the creation of a supra-national community for those products will in and of itself make an intra-European war unthinkable.

It is almost axiomatic that the prosperity of any country depends upon the prosperity and steady production of its coal and steel industries. By

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(Photo by Schoenborn, PRD HICOG)
insuring steady production in these industries, with a fair chance at the market guaranteed each company, the Treaty* should lead to a steadier industrial economy, with an elimination of the disastrous depressions that so often have wrecked these nations in the past.

The Treaty is quite long but essentially simple in its operation.

The coal, as in the past, will be owned by the mine, and the steel by the mill. It will be up to these producers to merchandise their products as best they can. They can contract to sell their coal to whom they please and at the prices resulting from the interplay of supply and demand.

The Treaty will, however, prevent these producers from agreeing with their competitors to fix prices or to divide the markets among themselves. Also, it will prevent a producer from discriminating among his customers or giving one an advantage not enjoyed by the others.

The Treaty PROVIDES many definite advantages for the producers. For instance, in 1949, France imported more than 20,000,000 tons of coal and coke, approximately one-third of which came from Germany. At the same time, France exported approximately 10,000,000 tons of iron ore, the major part to countries signing the Plan. The Plan provides for the elimination of all tariffs and customs on shipments of coal and iron among members of the pool, thus providing the members with cheaper raw materials.

This free flow of raw material through the various countries should lead to a gradual relaxation of other trade barriers, and the creation of a common market of the 150,000,000 inhabitants of the countries involved.

The Plan will be administered by a High Authority consisting of six or more members designated by the various countries. These members will not be responsible to any one country, but to the pool as a whole.

The High Authority will be financed by a levy on the producers, not to exceed one percent of the value of the coal and steel produced. With this money, and borrowed funds where needed, the High Authority will have power to finance new enterprises either directly, or by guaranteeing the risk taken by private capital.

It should be pointed out that the Treaty prohibits the practice of countries' subsidizing uneconomic mines and mills, as many have done in the past. This practice of giving subsidies has conferred on a particular country an unfair advantage over competitors in other countries. At the same time, the Treaty provides that the High Authority shall, where need be, use its funds to buy out and to close down uneconomic enterprises, where necessary for the good of the entire industry.

In times of emergency, when there is either too much or too little production, the High Authority can establish maximum and minimum prices, and, if need be, quotas of production for the various mines and mills.

* For summary of Schuman Plan Treaty, see page 63.

While the High Authority is vested with broad powers, strong democratic safeguards are provided for the protection of the member countries as well as their producers, workers and consumers.

The High Authority will be assisted by a Consultative Committee, selected by the Council of Ministers, to represent enterprises, workers and consumers. The High Authority can obtain the advice of this committee on all matters of general significance. After consulting this committee, the High Authority can order any company to increase the pay of its workers, or otherwise to improve their working conditions, if this is necessary to equalize the working conditions with those of other companies. However, in most cases, the rights of labor and bargaining for salaries, remains strictly a private matter, subject to negotiation between the company concerned and its employees.

The legislatures of the signatory countries will appoint members of an assembly, which will annually review the work of the High Authority. In the event two-thirds of the assembly censures the work of the High Authority, the High Authority will have to resign.

A Council of Ministers composed of a cabinet member from each of the participating governments will serve as a liaison body between the Authority and the various governments. The Council can request the High Authority to study any problem, and in matters seriously affecting the economy of the countries involved, the consent of the Council must be obtained before the High Authority can act.

As a last safeguard to prevent any undue infringement on the rights of any country or company, the Treaty provides for establishing a Court of Justice of seven members. This Court will have jurisdiction to hear appeals of the Council of Ministers, the signatory States, of producers and any other persons affected by decisions of the High Authority if they violate the Treaty or represent abuse of discretion or were made without power.

The purpose of the Treaty is to protect and encourage a free expanding market in the basic industries. It does this by insuring that, for example, a steel mill in Belgium can buy iron ore from France and coal from Germany on the same basis as citizens of these countries and without having to pay ruinous tariffs.

At the same time, the Treaty goes to great length to provide that this steel mill owner will have the right to sell his products to anyone he pleases in any of the signatory countries with his customers enjoying the same freedom from having to pay tariffs.

In short, the Treaty seeks to create a single market of 150,000,000 people, much as that which exists in the United States where the steel mill at Gary, Indiana, buys iron ore from Minnesota and coal from Pennsylvania and ships its products to Michigan — all without the expense or interference of unwieldy and hampering tariffs and without a selfish concentrated control over the economic life of various countries by conspiracy entered into by private persons for their selfish benefit.