

'The problem of monopolies and of industrial mergers soon to be solved' from Le Monde (3 February 1951)

Caption: On 3 February 1951, the French daily newspaper Le Monde outlines the problems of industrial concentration in the German coal and steel industry.

Source: Le Monde. dir. de publ. Beuve-Méry, Hubert. 03.02.1951, n° 1 875; 8e année. Paris: Le Monde. "Le problème des monopoles et de la concentration industrielle serait bientôt réglé", p. 4.

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The Schuman Plan

The problem of monopolies and of industrial mergers soon to be solved

As we reported on Thursday, the talks on the industrial demerging of the Ruhr and on the single sales agency for coal are proceeding favourably in Bonn. Since the difference between the various points of view appears to be diminishing, it must be hoped that the Allied High Commission and the Federal Government will arrive at a final agreement as soon as possible. Such an agreement would speed up the signing of the Schuman Plan for, as we have said before, the Bonn negotiations and the Paris negotiations are complementary.

Horizontal mergers

This groups together within the same property or under the same control a large or dominant part of the production of a particular article. This is notably the case of the large German iron and steel trusts, some of which can produce as much as seven to eight million tonnes of steel in a normal period. France would like the largest German firms not to produce more than 1 700 000 tonnes per year from now onwards. This is much more a matter of principle than of a rule to be applied inflexibly. It is not a question of blindly forbidding all mergers.

Vertical mergers

The effect of this is the combining within the same holding or under the same control of the production of two or more different products.

The purely technical type of merger, which combines the successive stages of production within the same economic unit, with the product of each stage assigned to the subsequent one, seems not to have raised objections on grounds of fundamental principle. This is the case of those iron and steel companies which combine the production of cast iron with rolled steel. On the other hand, unfair competition may occur when a company is at the same time its own supplier and, to a sizeable extent, the supplier to other users, particularly its competitors. An example of this is the coal and steel linkage, such as exists notably in Germany.

Here, again, there is no question of blindly applying principles which pay no heed to the facts. The main criteria will be that competition remains fair, that no small group should dominate the market, and that the general interests of the community should be safeguarded.

Sales monopolies

Examples of these exist in France and Belgium in the iron and steel industries. In Germany, the main example is that of the coal sales agency, which has monopolised the sale of the fuel for half a century. The criteria that we have mentioned hold equally true in this instance.

The Schuman Plan Conference is not empowered to deal with the questions of industrial mergers in the Ruhr. These are the province of the Allied High Commission, constituted by the United States, the United Kingdom and France. However, it is clear that the Bonn talks and the Paris talks are complementary. The anti-cartel provisions of the Schuman Plan would remain a dead letter if the problem of the Ruhr was not settled beforehand. These can be summed up as follows:

1. All agreements between companies and all concerted practices which may tend in the Common Market, directly or indirectly, to hinder, restrict or impair the normal process of competition are prohibited. The High Authority will, however, have the power to authorise specialisation agreements, common purchase or sale agreements, on condition that they contribute to an improvement in production or distribution and that they do not allow the interested parties to distort competition. It will also have the power to retract its authorisation at any time;

2. All operations leading to mergers affecting the ownership, the assets or the control of a company under the jurisdiction of the High Authority are to be submitted to it beforehand for authorisation.