

Letter from Jean Monnet to Robert Schuman (Paris, 22 January 1951)

Caption: On 22 January 1951, Jean Monnet sends a letter to Robert Schuman, French Foreign Minister, in which he raises the problem of the break up of the Ruhr iron and steel industries in connection with the European coal and steel pool.

Source: Jean Monnet, Robert Schuman, Correspondance 1947-1953. Lausanne: Fondation Jean Monnet pour l'Europe, Centre de recherches européennes, 1986. 188 p. (Cahiers rouges). p. 97-100.

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Mr President,

As you are aware, the Conference on the Schuman Plan resumed work last Tuesday. We have already gained acceptance of most of the changes that it was agreed that we should submit to the other delegations in the light of the observations made by the Ministers on the draft treaty and transitional arrangements. Work on finalising the draft Convention is almost complete.

Although a solution has been found to all the technical difficulties, and although the documents should be ready by the end of this week, the Conference has entered the final and particularly critical stage. The next few days will determine the success or failure of the Schuman Plan.

The question, in fact, is whether the other delegations will accept the clauses that we have proposed which aim to eliminate cartels and prevent excessive concentrations in the Community that we are seeking to create (Articles 60 and 61 of the draft Treaty). The delegations' final position actually depends on the attitude of the German delegation. It has said that it will take a position once it knows what measures are to be taken to reorganise the Ruhr industries. For that reason, it has asked us to adjourn the Conference one week before Christmas until early January, since the talks in Bonn between the High Commission and the Federal Government on demerger measures should be completed by then.

Despite the repeated postponements that the Federal Government has sought and obtained, no agreement has yet been reached in Bonn.

These demerger measures should have been taken a long time ago. However, as you are aware, the reticence of some of our representatives with regard to the demerger measures for coal proposed by the Americans, who play a decisive role here, delayed the demerger measures for steel for a long time.

In order to reach a rapid and satisfactory reorganisation of the coal and steel industries in the Ruhr, a series of meetings have been taking place in Paris since October with a view to establishing an agreed position between the French and American representatives in Germany, and, on that occasion, you sent the requisite instructions to our representatives in the High Commission.

According to those instructions, each of the Ruhr coalfields should organise its own marketing and, in principle, no joint marketing body should be permitted. Since the Federal Government said that such a solution was unacceptable, we, having convinced the American representatives, proposed a compromise that involved replacing the DKV, which now has a monopoly on the sale of coal from the Ruhr, not with individual marketing bodies but with a limited number of joint bodies of which there would be about ten. Nevertheless, the Federal Government has not changed its initial position and continues to support the retention of the DKV, i.e. a single body with a monopoly on the sale of coal from the Ruhr.

After several weeks of talks and efforts, the issue remains. The Federal Government has not yet accepted the abolition of the DKV and, as a result, the demerger of steel in the Ruhr remains unresolved, since a monopoly on the sale of coal is incompatible with limiting the linkage of coal and steel to some specific cases.

It is clear that the Germans are trying not to take any decisions. Of course, the High Commission has the power to impose demergers, but that involves two pitfalls that we must avoid: giving opponents in the Bundestag a sound justification for rejecting the Schuman Plan or, even if the Schuman Plan were to be ratified, giving the Germans the possibility in the future to challenge or undo what has been achieved.

Some German delegates suggested that the Conference should adjourn without taking a decision on Articles 60 and 61 relating to cartels and concentrations and that the issue be referred to the Ministerial meeting. I answered by saying that the Conference could decide to proceed in that way but that, for my part, I would not recommend to governments that they initial documents that leave out such essential clauses and

that I would not endorse this failure on the part of the Conference by continuing to chair it.

Not to reach a conclusion on Articles 60 and 61 would indeed be an admission of failure. The delegations of the six countries were tasked with submitting proposals to governments on how the French declaration of 9 May should be implemented. Its aim was to create a supranational Authority and an organisation that, 'in contrast to international cartels, which tend to impose restrictive practices on distribution and the exploitation of national markets, and to maintain high profits, [... would] ensure the fusion of markets and the expansion of production.'

From the political perspective, after initial difficulties, we managed to secure acceptance of the supranational principle and its implications both for the institutions in the Schuman Plan and for the economic and social provisions in so far as they affect the powers of governments and limit national sovereignty in the area of coal and steel.

However, in economic and social terms, the effectiveness of the Schuman Plan depends on the provisions affecting cartels and concentrations. Indeed:

(a) maintaining cartels is incompatible with the increased production that is essential for our countries' economic growth and for improving people's living standards. That requires new initiatives by those companies that are hindered by the cartels which aim to protect dominant positions, however unjustified they may be and whatever the cost to efficient companies and to the community as a whole;

(b) moreover, especially for France, not having measures to eliminate the cartels and excessive concentrations of economic power would mean:

— keeping the DKV, the single marketing body for Ruhr coal. Given the importance of coal and coke from the Ruhr for the countries taking part in the Schuman Plan, such a move would allow the Ruhr to wield real control of economic activity in the other countries. Keeping a centralised distribution body in the Ruhr, vis-à-vis countries which all have fuel deficits, would endorse a distribution monopoly against which neither current controls nor the commitments entered into under the Schuman Plan could provide adequate safeguards;

— in political terms, the traditional masters of the Ruhr would win back their influence over German policy-making, while our industries would not be able to fight on equal terms with concentrations on a par with the pre-war Konzerns, which simultaneously controlled a significant part of coal and steel production, the engineering industry and transport, etc.

Without effective measures to dismantle cartels and eliminate mergers, the implementation of the Schuman Plan is impossible, because it would subject the Community of Six to domination by the monolithic organisations of the Ruhr and, what is more, would lead to cartels in other countries being maintained and strengthened.

I would add that the modernisation and development of the coal and steel industries in our countries depends on having the means to finance the required investment. Without American aid, these industries, as we know from the experience of recent years, will not have adequate sources of funding. That aid is therefore essential for the successful implementation of the Schuman Plan. The American Administration wishes to contribute in that way to our efforts. But, despite all its good intentions, it will not be able to do anything if public opinion is not behind it. Now, without provisions against cartels and excessive concentrations, we would be denied that support, since it would justify the fears expressed from the outset by the United States that the Schuman Plan is merely a front for a gigantic international cartel.

What is more, it would be a belated vindication of the same accusation levelled against us by some members

of the British Government.

We have already discussed this a number of times. I wanted to describe to you once again, in as much detail as possible, the current state of the talks and what is at stake at a moment when this position is staring success or failure in the face and when, in my view, the firmness that we now demonstrate will, without any shadow of a doubt, determine the success of the Schuman Plan.

Jean Monnet