

'A chance to seize' from Tribune (19 May 1950)

Caption: On 19 May 1950, the British weekly Tribune emphasises the importance of British participation in implementing the European plan for the pooling of coal and steel production in Western Europe.

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A Chance to Seize

The startling manner in which the French published their proposal for a merger of the coal and steel industries of Western Europe together with the fact that Germany was the first country invited to participate in the scheme, made it inevitable that world attention should at first have focussed on its political significance rather than its economic implications. But it is difficult to say which of the two aspects, the political or the economic, is the more important.

Ever since the end of the war the attempt to agree on an enlightened and progressive policy towards Germany has been jeopardised, not only by the basic conflict between Soviet Russia and the West and the resulting division of Germany, but also by the irreconcilability of the French demands for security and the Anglo-American insistence on the need to restore Western Germany's economic and political independence. The menace, as the French saw it, did not so much lie in the danger of German rearmament and the resurgence of Germany's militarism, as in the potential economic and political preponderance which Western Germany might achieve on the Continent thanks to the great physical resources of the Ruhr area, the skill and hard-working habits of the German people and the explosive pressure of over-population brought about by the influx of many millions of destitute and disgruntled refugees from the East.

It was for this reason rather than to placate vested interests that the French sought to fix the permitted level of Germany's steel industry as low as possible, that they insisted on the greatest possible extent of dismantling (even though most of this was in practice carried out by Britain which consequently got most of the German blame) and that they continued to veto the Allied "Basic Law No. 75" which stipulated that the question of ownership of Germany's basic industries should be left to the decision of the German people themselves.

The Germans, or at least those Germans who knew what was going on, naturally not only resented these French obstructions, but incomprehendingly interpreted them as a mere destructive revival of the Poincaré policy, dictated by a mixture of competitive jealousy and sterile revenge, while the Americans, and to a lesser extent the British, grew increasingly impatient of a deepening conflict which threatened to thwart the hopeful beginnings of Western European co-operation.

The official separation of the Saar and the planned incorporation of the Saar industries into the French economy looked like the last straw which, especially in the eyes of the German Socialists, seemed finally to shatter the hopes of Franco-German reconciliation. As they saw it, France was not only bent on preventing any kind of German economic and political revival, but France seemed more particularly opposed to the ideals and principles to which Social Democracy adhered most ardently, i.e. the right of all people to determine to which country they should belong and their right to decide for themselves whether their industries should be owned publicly or privately.

It is this seemingly hopeless deadlock which M. Schuman's new proposals are designed to break in the most radical and dramatic fashion. For that reason alone they deserve the attributes "historic" and "revolutionary" which many commentators have bestowed on them. If they materialise, the age-old conflict between France and Germany would become a thing of the past, and it would be ended in the only manner which would exclude its revival – not by the compulsory subjection of one country under the other, not by unilateral imposition, but by a simultaneous, equal and voluntary limitation of national sovereignty.

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The French proposal is, however, not only directed to Germany, nor is the hope of ending the Franco-German conflict its only or perhaps even its main purpose. The proposal is in the first place an economic one, and it is by its economic implications that it must first of all be judged. At the moment, until more details are made known, this can be done only to a limited extent, but it is perhaps as well to consider the principles of the scheme before the details are filled in. Indeed, it appears that M. Schuman's proposals are still in the most tentative form and that an initiative by the Labour Government now could provide the concrete plans which are still lacking.

Objections spring readily to the mind. What difference is there, it may be asked, between this scheme and the pre-war steel cartel with its disastrous policy of output restriction, high prices, high profits and cold indifference to social considerations of any kind? What possible good can come from an international authority which looks like being dominated by the nominees of the Comité des Forges and the steel and coal barons of the Ruhr? What possible interest could a British Labour Government have in entering such a combination, which might seek to thwart its plans for full employment and steady industrial expansion?

These are serious and legitimate questions which cannot be waved aside simply because M. Schuman declared that it was not the purpose of the French proposal to revive the old international cartels. The real answers to these questions must depend on the as yet undetermined action of the participants.

Some things, however, seem fairly certain. Unless constructive counter-measures are taken, the countries of Europe, including Britain, are likely to come, within a period of two or three years, face to face with the danger of an unmarketable surplus of steel. The Economic Commission for Europe has estimated that this surplus may by 1953 amount to 8 million tons. Assuming that the E.C.E. estimates are more or less correct, the only possible result could be a cut-throat competition amongst steel producers, and such competition, as the E.C.E. report rightly adds, would not necessarily mean that only the most efficient producers would survive.

It is clear that if such a development should really take place the reason would not be that Europe had more steel than it could ideally use, but that the expansion of the steel-consuming industries had lagged behind the production of steel itself. What Europe, and even more the under-developed countries of the world, need is an almost unlimited expansion of steel consumption. It is largely to the much higher degree of steel consumption that America owes its industrial superiority over the rest of the world, and if Europe wants to catch up with America, her steel consumption must expand correspondingly.

But this highly desirable result cannot be automatically brought about by the uncoordinated expansion of the steel industries in the various countries of Europe. Despite all needs, over-production may well recur, unless European steel is produced as efficiently and cheaply as American steel, with which it will have to compete, and unless steps are taken to secure the simultaneous expansion of those industries which are the chief steel and coal consumers. And this, as the E.C.E. report demonstrates in great detail, is a hopeless undertaking without the effective co-operation of the main steel and coal producing countries.

At the moment, all European countries can still consume or sell all the steel and coal they produce. But once surpluses have been allowed to accumulate, once new unemployment threatens to result from unsaleable products, all the pernicious pre-war practices of dumping and tariffs and the rest will return again until, in the end, to escape a ruinous trade war, the old cartels will almost automatically reconstitute and reimpose themselves with all the disastrous consequences we remember.

Already there have been reports of secret negotiations between German and French industrialists towards this end. If nothing is done to forestall such development, Britain may be faced, in a few years hence, with a solid and formidable block of her continental competitors who could ruin everything that Labour has achieved in this country.

To insulate herself against such competition or combination is not within Britain's power, whatever policy she may pursue. But it is within her power to try and forestall this very real danger by active participation in a different kind of combination which she could help to direct towards more desirable ends.

The French proposals offer, we believe, this chance. They are not the work of Ruhr industrialists or the Comité des Forges. In fact, the latter, if reports from France can be trusted, were almost as upset by the plan as the Communists. What M. Schuman proposes is a government-appointed international authority which would work according to principles laid down in treaties concluded between governments and ratified by national parliaments. It would have to give public account of its decisions and actions, and in contrast to the privately run cartels, it would expand rather than restrict the field of publicly directed economic activities.

Of course, there is the danger that even such laudable principles may in practice be circumvented and that the international authority may become a disguised agency of private interests. This danger would be very real if the scheme were confined to France and Germany only. But if Britain were to join right from the beginning and took a leading part in drawing up the details and devising the necessary safeguards, this danger could be reduced to a minimum.

That has also been the first reaction of both the French and the German Socialists when they learnt of M. Schuman's proposals. Both of them regard Britain's adherence as essential and as the best protection against the danger of the degeneration of the scheme into another international cartel. Other safeguards on which Britain would have to insist as a condition for co-operation would have to include the right of the Germans to nationalise their own coal and steel industries should they have a popular mandate to do so, the right of the trade unions concerned to be represented on the international authority, and, above all, the absolute duty of the international authority to make the steady expansion of industrial activities and the maintenance, or achievement, of full employment the cornerstone of its policy decisions.

In its general attitude to European unity the Labour Government has rejected the Federal approach or the idea that our planned economy could somehow be indiscriminately merged with the *laissez-faire* economies of continental countries. This was a wise attitude, although the true alternative has hitherto been barrenly presented. M. Schuman's suggestion does in fact accord much more closely with the idea of unification through specific economic commitments which can enlarge the prospects of planning for full employment instead of diminishing them. Long before M. Schuman spoke the Socialist parties in Europe had in fact been seeking to fashion a common policy along these lines and we are glad to see that the Labour Party has so swiftly taken the initiative in calling a conference on the subject in London. The French proposals do offer another great opportunity, perhaps the last, for Britain's active participation in shaping the economic and social destiny of Europe.

There is no guarantee that the scheme will succeed, but with Labour Britain's participation it has a great chance of being turned into an instrument of genuinely progressive co-operation. Without it, the risk that it may degenerate into a tool of the Ruhr magnates is very grave. And if that happens, all Europe will have to pay the consequences.