

'Courage enough for the Schuman Plan?' from Die Welt (11 October 1950)

Caption: On 11 October 1950, as intergovernmental negotiations are held on the Schuman Plan, the German daily newspaper Die Welt comments on the disagreements between the Six concerning the future organisation of the common market for coal and steel.

Source: Die Welt. Unabhängige Tageszeitung. Hrsg. Schulte, Heinrich ; Herausgeber Helbig, Adolf. 11.10.1950, Nr. 238; 5. Jg. Hamburg: Die Welt. "Mut zum Schumanplan?", auteur:Grotkopp, Wilhelm , p. 2.

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Courage enough for the Schuman Plan?

Radical solutions unavoidable, by Wilhelm Grotkopp

There is talk of a crisis in the Schuman Plan. Concern is being expressed at difficulties that have arisen in the debate on market and price issues. Negotiations of this sort, however, have never run smoothly. The going is always tough when, as is now obviously the case in the Paris negotiations, some fear they may have to foot the bill and accept certain losses — perhaps even be sacrificed to the most competitive undertakings — while others come out on top.

A good start

What is in fact pretty remarkable is that, up to now, everything has gone without a hitch and faster progress has been made than even the optimists had thought possible. Only five months have after all elapsed since Schuman proposed a European Coal and Steel Community, in other words since he asked the states of Europe to relinquish certain sovereign rights in favour of a single European market, initially confined to products in this sector. Plans of such a far-reaching nature have up to now always failed in the initial stages. The Paris negotiations have, on the contrary, already led to a deal on the political front. The administrative machinery, with the High Authority in overall command backed up by various control bodies, has already been agreed in broad outline. This is already highly significant.

Where disputes have arisen is in connection with organisational and market issues. A host of details are up for debate. In part these are special issues, connected with the postwar regulation of the German coal and steel industries, that are now having to be treated as purely economic questions.

The starting point in clarifying the crucial problems has to be the objective of the Schuman Plan: to supply consumers as cheaply as possible and hence contribute to a rise in living standards. This can only be achieved if the laws of the free market are allowed to operate within the area of the Coal and Steel Community, thereby releasing the benefits of competition. The efficient businesses must set the tone. They should also benefit if, thanks to the rationalisation and modernisation of their plants, production costs and prices can be brought down.

A short period of grace

It is relatively unimportant whether, for iron and coal as for other important raw materials, prices are fixed or are allowed to find their own level. What matters is that price competition remains and that prices are held as low as is consistent with the competition and cost situation. On the other hand, it would be a mistake for the High Authority to support unnecessarily the operations of inefficient enterprises, by for instance setting quotas, guaranteeing sales and paying compensation. There is hardly a middle way. Transitional measures would be conceivable only during the period of grace, to make it easier for undertakings to adjust to the new, large single market. This period of grace would, however, have to be as short as possible.

Any measures that might perhaps be required in the transition period should in no way be allowed to distort competition. They should, rather, facilitate the transition to a market economy.

Under the influence of rising sales

Resistance to such a radical policy would be understandable if there were fears that numerous undertakings would close as a result of differences in production costs. Quite apart from the interests of private enterprise, no government can assume the burden of having allowed thousands of workers to become unemployed for an extended period. There is, however, no danger of such consequences. The market is once again suffering a shortage of steel and coal. In addition, growing sales opportunities can be assumed. Additional demand will, though, be of benefit chiefly to efficient undertakings. In these market conditions, it is now even feared that prices may be largely determined by the least efficient undertakings and thus be kept artificially high. That must be prevented. The low production costs of the more efficient undertakings must feed through to

the consumer.

So, market conditions are such as to allow understandable reservations to be overcome and the radical initiative to be taken that is so necessary on political grounds in the interests of European unity. Corresponding regulation of market and price aspects would be an essentially political decision. We are justified in expecting the governments to have the courage to take that decision.