

Statement by Walter Hallstein, Head of Delegation (Paris, 3 July 1950)

Caption: On 3 July 1950, Walter Hallstein, Head of the German Delegation at the intergovernmental negotiations on the implementation of the Schuman Plan, informs his counterparts of the position of his government.

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Mr President,

The German Delegation has reported to the Federal Government and has spoken to all the relevant bodies of politicians and experts in Germany. The Federal Government stands by its view that the importance of the Schuman Plan is primarily political. It is an attempt to make a start, in the coal and steel sectors, on the elimination of age-old rivalries that have plagued our continent for centuries, and to lay the foundations for a genuine European Community. The Federal Government feels vindicated in its position, especially since almost the whole of German public opinion subscribes to this objective. Measured against the political importance of this plan, the economic problems it poses, however significant and unfamiliar they may be, take second place. The Federal Government takes the view that, once a decision has been made to pursue the political aim, a solution to the economic problems that suits all parties can surely be found too. The German delegation therefore addresses an urgent appeal to all participants in this conference to subordinate their economic interests to this lofty political aim. Its motivation to do so is all the greater because the danger which has hung over Europe for years has become more acute in the last few days, making swift action imperative.

What I have said does not in any way mean that we underestimate the importance of the economic side of the project — on the contrary. The proposed institution cannot perform its assigned political function, namely, to serve as a symbol of European community and a factor of European integration, if it does not work. Furthermore, if our peoples were thwarted in this aspiration, we should not only fail to make progress on Europe but even lose ground. Precisely because our project is so significant in political terms, we must examine it carefully to assess its economic expedience. And since the concerns raised during the initial deliberations have related chiefly to economic matters, we have used the break in the negotiations primarily to discuss the viability of the plan with the experts and to improve, refine and consolidate the basis of our own judgement accordingly. This, then, has been the focal point of our deliberations. Besides, an exhaustive discussion with the experts of all problems relating to the Schuman Plan would not have been possible in the short time at our disposal. For this reason, we in Bonn have assigned lower priority to some matters for the time being, particularly the organisational and structural questions regarding the establishment of the High Authority. Instead, we have given precedence to the issue of the substantive powers to be vested in the High Authority.

We are happy now to resume the discussions in the knowledge that the difficulties involved in implementing the plan, great though they be, are not insurmountable. It is also our opinion that the questions relating to the implementation of the plan fall into two categories. A distinction can and must be made, in our view, between certain fundamental prescripts, on which agreement should already have been reached when the High Authority is set up, and certain other matters, which can be reserved for subsequent regulation, whether by means of conventions concluded by the participating States or by the High Authority in the course of its work. If I may cite but one example by way of explanation: however important the question of freight tariffs may be to the success of the plan, there is surely no need to defer the conclusion of the Treaty until such time as agreement has been reached on all the details of freight charges; on the contrary, it will presumably suffice to agree on an underlying principle, such as that of through charging. The working paper produced by the French delegation offers an excellent basis for demarcation between these two sets of issues, and I wish to take this opportunity to express my special thanks to the French delegation for having made our task a great deal easier by producing this draft. The draft has enabled us to approach our domestic authorities with ordered sets of specific questions.

As for the outcome of our discussions in detail, I am pleased to be able to begin by noting that the proposed general system is regarded as a feasible approach and that my delegation has been authorised to continue negotiating on that basis.

The following specific considerations will be at the forefront of the German delegation's efforts:

1. The definition of certain general substantive principles for the activity of the High Authority

We agree with the initiators of the plan that it is not enough to appoint the High Authority, grant it certain powers and then simply hope that its members, in exercising those powers, will do what we expect of them. It goes without saying that the ultimate guarantee of the conduct of public bodies lies, as always, in the quality, including the moral quality, of the individuals entrusted with the performance of its official duties. Given the frailty of human nature, however, there will be a need to incorporate certain safeguards in order to guarantee, as far as possible, that the functions assigned to the High Authority are performed in the proper spirit. The newness of the structure that is to be established makes this a particularly important consideration. We therefore deemed it expedient not to let the High Authority take decisions entirely at its own discretion but to lay down certain general principles in the Treaty, be it in the preamble or in the various articles. The legal significance of these principles is that they govern the interpretation of the Treaty and are also relevant to the bodies overseeing the work of the High Authority.

We are thinking here in particular of the court or arbitral tribunal, which could perhaps be entrusted with an important educational function, namely, that of guarding against any lack of objectivity on the part of the High Authority.

As far as the substance of these principles is concerned, we are thinking in particular of two basic rules:

a. The economic principle

The intended purpose of the Schuman Plan is to ensure that natural selection takes place within the production process; in particular, this means eliminating producers whose production activity is least rational. This should happen as a consequence of the creation of a single market. In other words, in order to avert the danger of the distortion of economic processes, especially for national political motives, the High Authority should be bound to let itself be guided by objective economic considerations, such as locations, availability of raw materials, labour pools, the situation of consumption centres, the proximity of shipping ports for exporting, the existence of unused production sites which could be brought back into service at negligible cost, and similar factors. The basic idea, of course, is that the individual coalfields and undertakings should be able to make the greatest possible contribution to overall output on the basis of prevailing natural conditions.

On the other hand, we believe that we are entitled to interpret the plan before us as not seeking to prejudice the economic policies of particular participating States by imposing an extreme form of command economy. It may therefore be assumed that the High Authority is to act as a centre for exchanges of information and permanent cooperation and that the High Authority is meant to perform its duties with a restricted administrative apparatus and minimal intervention. If you were to ask me how such a principle might be formulated, I should give the following tentative reply: 'In the obligation to achieve maximum efficiency with a minimum of intervention while renouncing the pursuit of national self-interest and the use of artificial means'. The objective of keeping prices as low as possible should also be expressed.

b. We also consider it important that the social aims of the plan be proclaimed in a way that reflects their significance, so this could perhaps be done in the preamble. A possible wording would be 'with the proviso that all measures should serve to promote general well-being and social security'.

2. Procedural principles

For the same reasons we would deem it judicious to proclaim certain procedural principles, such as the precept that, in the performance of its activities, the High Authority should, as far as possible, consult the interested governments, undertakings, regional groupings and independent experts before taking its decisions and that it should also give reasons for its advice, recommendations and decisions.

3. Single market

The basis of the plan is the creation of a single market covering the entire territory of the contracting States,

including their overseas territories. This means the removal of all differentiations, so that only the differences in production deriving from nature and location would remain. All artificial distinctions, then, are to be eliminated, especially those resulting from the intervention of governments or cartels. All internal customs duties on iron, steel and coal are to be abolished within the common territory, as are subsidies and similar forms of assistance that distort normal competition. As far as freight is concerned, we believe that provision should be made for the introduction of through tariffs, set in accordance with uniform principles, for transport between member countries. How this principle is to be applied remains to be determined. In any event, the High Authority should only be permitted to make recommendations on these matters and not decisions within the meaning of the terminology used in the French draft.

We recognise that the powers of the High Authority in all these respects, i.e. with regard to the elimination of artificial and political differentiations, must be extensive, otherwise we shall not arrive at a single market. Provision will, of course, have to be made for an appropriate transitional period for the implementation of the prescribed measures.

4. Prices

As far as prices are concerned, we subscribe to the idea that the High Authority should only be given the power to lay down pricing principles, so as to ensure that pricing systems are coordinated. We also believe that the production price should be the basic pricing factor for both coal and steel. As for the details, we should first like to hear the views of the experts.

5. Relationship between the single market and other markets

With regard to the relationship between the single market and other markets, the High Authority will have to be entrusted with responsibility for the coordination of import and export policies for coal and steel but surely not for the detailed regulation of imports and exports. The greatest possible scope should be left for individual initiative in this domain. When it comes to the conclusion of trade agreements relating to coal and steel, we believe that individual governments should contact the High Authority.

6. Investments

We agree that there is no need for authorisation when undertakings invest from their own resources or take out operating loans. Investment loans from the public treasury, on the other hand, should require approval by the High Authority. In the case of loans arranged by the High Authority, the last borrowers should, in principle, be the primary debtors. The High Authority, however, should be empowered to stand guarantor for the loans or become the secondary debtor. Consequently, it will also need to have the power to require all undertakings to cover, in equal measure, any shortfalls that might arise in this connection.

Our interest in ensuring that initiatives come, as a matter of principle, from below, in other words from the participating undertakings, applies in the realm of investments too. The regional groupings should be involved in the coordination process in this context.

7. Regional groupings

The idea that regional groupings should be given an intermediary role to play between the High Authority and the undertakings seems to us to be particularly important and to require careful consideration. These groupings, which the plan envisages as optional bodies, contain an element of industrial self-administration. They can greatly assist the High Authority both in the collection of information and in the implementation of its measures.

8. Definitions of coal and steel

We still need discussions with experts on the definition of coal and steel. Our own specialised committees have said that they will provide us with detailed delineation proposals. The question, in essence, is what

peripheral areas should be included, especially whether and to what extent by-products of coal and first-stage processing of iron should be covered.

I should like to confine myself to these points for the time being.