Max Kohnstamm, The European Coal and Steel Community

Caption: Max Kohnstamm, Secretary of the High Authority of the European Coal and Steel Community (ECSC) from 1952 to 1957, outlines the changes made to Europe’s economic and political structures as a result of the Schuman Plan.

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It is a commonplace, but nonetheless a fact, that the nineteenth century in Europe was the heyday of the nation state. Politically, the state was buttressed by an immense, if gradual, expansion of its powers and duties, bringing within its purview social services and public utilities previously undreamed of by constitutional lawyers. Economically, its influence was strengthened by the growth of national industries, which in turn were fostered and sheltered by national economic policies. Philosophically, the nation state was clothed in dogma by British and Continental Idealism nourished upon Rousseau, Kant and Hegel. After the First World War, its dogma was officially blessed and acknowledged by the makers of the Versailles Peace. "All well defined national aspirations", declared President Wilson in the fourth of his Four Principles, on February 11, 1918, "shall be accorded the utmost satisfaction that can be accorded them". The vagueness of this principle scarcely fitted it for practical politics: but it clearly expressed the political philosophy on which it was based.

In striking contrast, the period immediately following the Second World War seems to mark the linking of nation states in world wide or regional organisations. The world's political vocabulary has suddenly, as it were, acquired an addendum of what American slang expressively calls "alphabet soup". There is U.N.O.; there are N.A.T.O. and S.E.A.T.O.; there is the Arab League; there are the economic and military organisations of the Communist world; there are the Council of Europe, W.E.U., O.E.E.C. and G.A.T.T. All such attempts at international co operation spring from the knowledge that the independent nation state alone is no longer an adequate form of organisation in the world of today. The European Coal and Steel Community is one of the most significant attempts to transcend the nation state's limitations.

The community has a special place in the post war picture, both on account of its structure and on account of its aims. The preamble to the Schuman Treaty declares that its six signatory nations were "resolved to substitute for historic rivalries a fusion of their essential interests; to establish, by creating an economic community, the foundation of a broad and independent community among peoples long divided by bloody conflicts; and to lay the basis of institutions capable of giving direction to their future common destiny". The Community, indeed, was designed as the first step towards European Federation. More clearly than any other international organisation, it represented a counter movement against the dogma of the nation state. By its very structure, it set forth the counter dogma, that, in order to solve the problems of our own times, European nations must cede a part of their sovereignty to common, federal institutions.

What, one may ask, is the reason for this movement of the pendulum away from the sovereign state and towards international institutions? The answer is very simple. Both politically and economically, the old system — or lack of system — had manifestly failed: the political and economic outcome of the sovereign nation state was a bloody and impoverished world.

Politically, the world had suffered two appalling catastrophes in a single generation: nearly ten out of thirty years had been spent in the most destructive wars that mankind had ever known. In the second of these world wars, 25 million people — military and civilians — are estimated to have lost their lives; and a further 5 millions are known to have disappeared. In one single year after the end of the war, some 5½ million displaced persons returned to their homes from Germany alone, under the auspices of U.N.R.R.A., and at least another 4 million Germans were expelled from Poland, Czechoslovakia, Jugoslavia, and Hungary. The magnitude of these figures staggers the mind: the human suffering they imply is quite literally unimaginable.[1]

Economically, the same period of thirty years marked the rapid decline of Europe's position in the world, In 1913, Europe's share of the world's industrial production was 50%; in 1938, 39%; and in 1950, 29%. For the U.S.A., the corresponding figures were 41%, 31%, and 41%; for the U.S.S.R., they were 3%, 13%, and 17%. Other statistics reveal that since 1913 the total industrial production of Western Europe has increased by only 80%. Does this seem a large increase? Hardly, when we realise that production in the U.S.A. has been tripled, and that of the U.S.S.R. multiplied by ten. In the more specialised field of steel production, too, Europe was lagging behind. Since 1913, world production of steel has been almost tripled, as has that of the U.S.A.; production in the U.S.S.R. has been increased eightfold; while that of Western Europe has been multiplied by only 1.8 — that is to say, it has not even been doubled.[2] Similar figures could be produced for many other sectors of Europe's economic life. As M. Paul Henri Spaak has often stressed, we are running the risk of becoming, within a quarter of a century, one of the underdeveloped regions of the world.

This relative decline of Europe as a producer is matched by her relative decline as a participant in world trade. During the huge economic expansion in the nineteenth century, Europe was the world's great industrial centre, able to sell her own manufactures for food and raw materials from overseas. But from the 1870's onwards, this pattern began to change. Industrialisation began spreading to hitherto undeveloped areas: between 1870 and 1913, indeed, the world's production of manufactures increased fourfold, while it doubled between 1913 and 1939. The United States, in particular, while continuing to rely chiefly upon home supplies of food and raw materials, reached a high level of industrial productivity — thanks both to its large area and to its large, reliable home market. Between the 1870's and the first world war, therefore, U.S. imports of manufactures dropped from more than a third to less than a quarter of its total imports, while its exports of manufactures rose from less than a fifth to about a half of its exports. At the same time, the trade in manufactures represented a declining percentage of total world output. As a combined result of these two tendencies, the share of Europe in U.S. trade underwent a continuous and disastrous decline. Even before 1914, many European countries showed a deficit in their balances of payments for merchandise trade; before 1938, the annual figure for Europe's trade deficit was already 2,000 million dollars. The deficit was only made up — or masked — by income from invisible exports such as shipping, banking commissions, and insurance, or earnings from overseas investments: a very small proportion of it — less than 5% — was paid for in gold.[3]

The second world war, however, very largely destroyed not only Europe's own productive capacity, but also the overseas investments and services by which her trade deficit was made up. This deficit had now grown from 2,000 million dollars to 3,000 million.[4] In 1947, only a third of Europe's imports were paid for by commodity exports, and nearly two thirds had to be paid for by borrowing, gifts, and the use of gold and other reserves. If, for many European countries, the war had been a public declaration of the bankruptcy of Europe's existing political structure, the dollar crisis of 1947 was a similar declaration of bankruptcy on the part of its economic structure. In the words of M. Jean Monnet: "When you look at the present progress of the world and consider the place which Europe and Europeans held in the past, and are holding today, you can come to only one conclusion: that is, that Europe is no longer in harmony with the rest of the world."[5]

Even as long ago as 1932, in his book *The Revolt of the Masses*, Ortega y Gasset had contrasted Europe's "long and splendid past" with its "dwarfish structural pattern". "Europe," he had declared, "was built as an agglomeration of small nations. The national idea and national feeling were in a certain sense its most characteristic inventions. Now Europe is forced to overcome its past. This is the scheme of the great drama which will unfold itself during the next few years." It would, indeed, be fascinating to study the gradual unfolding of this drama, the gradual growth of the European idea, during the years 1940 to 1950. The idea developed in the conquering nations and the conquered, in army headquarters and neutral capitals, in relief centres and in concentration camps. Here, however, I can only point to the importance of the idea on the part of those who intervened to aid Europe in the bankruptcy of 1947 — that is to say, the United States of America. With the European Recovery Program, or Marshall Plan, they declared their willingness to make up the remaining deficit of our bankrupt concern, and to continue doing so for a number of years; but at the same time, as they had every right to do, they pressed the European nations to study and investigate the causes of their bankruptcy: to examine the existing structure, that is, and to take steps to change it. The first result of these efforts was the O.E.E.C. — the Organisation for European Economic Co operation, the organisation whereby the Marshall Plan sought to establish healthy conditions in the European economy. The aim was, while maintaining political frontiers and national sovereignty, to form a wide area, in which, as far as possible, trading and currency obstacles were to be eliminated. The internal economies of the participating countries were likewise to be stabilised, particularly by combating inflation, modernising taxation, adapting trade practices, and so on.

Cooperation of this sort, within the framework of the O.E.E.C., produced some excellent results. Europe's industrial production, from 1948 to 1951, increased by more than one third; and commerce between European countries, over the same period, increased by more than four fifths — considerably more than production.[6] Nevertheless, there were certain difficulties. To quote an American authority: "It was to be expected that this far reaching plan of the O.E.E.C. would meet with those obstacles inherent in Europe's political division resulting from centuries of European power conflicts."[7] Without some controlling authority, national habits of thought, sectional interests, cartels, subsidies, and hidden discriminations, all tended to limit the possibilities of co operation. Therefore by 1950, there were already more far reaching proposals in the air.

The year 1950, indeed, was a year of great importance. In the first place, its importance was political. One of the structural innovations in post war Europe had been the withholding of sovereignty from Germany, and its rule by military government. Since the war, it had become increasingly clear that this solution could not be permanent. Already, discussions of the fate of the Ruhr has posed the cardinal problem: should there be control only of German heavy industry, or should a common control be established over the heavy industry of all European nations ? The International Ruhr Authority, which began to operate in the same month as the Federal Government of Western Germany, made it clear just how weak a one sided control would be. And at the same time, the United States Government declared that, to avoid a further bankruptcy of Europe, more would be necessary than had been accomplished by the O.E.E.C. Instead of co operation, in fact, thought began to turn towards *integration*. "The substance of such integration", declared Dr. Hoffman in Paris in the autumn of 1949, "would be the formation of a large single market within which quantitative restrictions on the movement of goods, monetary barriers to the flow of payments, and, eventually, all tariffs are permanently swept away". Such was the framework of ideas within which M. Robert Schuman made his famous Declaration of May 9, 1950 — the birth of the Schuman Plan.

The aim of the Schuman Plan was clearly to make radical changes in the political and economic structures of Europe. This is not the occasion to investigate why only six European nations declared themselves willing to adopt the Schuman proposals: but let us instead consider how the Schuman Treaty proposed to change Europe's structure. Like all great revolutionary ideas, the idea underlying the Treaty was a very simple one. Instead of regarding the natural resources of coal and iron ore — and the steel industries based in those resources — as separate units, each contained within its separate nation state, the Schuman Plan looked upon these natural resources as a single unit, irrespective of the national frontiers which cut across the seams of coal and iron ore underground. If these resources formed one single unit, it was ludicrously illogical to have six different governments applying to that unit six different and often incompatible national policies. The natural course would surely be to create a single governmental organisation with the duty of administering these common resources: and such an organisation would have to have the necessary powers.

This, then, was the first basic idea of the Schuman Plan. Its second basic idea was that such a change in Europe's economic structure would bring in its train the political changes that so many Europeans wished to see. Once Europeans learned to administer their coal and steel resources in common, they would gradually begin to regard all their resources as common resources; in time, they would want to create common institutions to administer their resources as a whole. Thus, the clash of national interests would at length give way to a fusion of national resources and national interests administered in common. Federal institutions would make national wars impossible, not so much through the power of those institutions as through the habit of administering in common the resources which were common to all.

All of you are students of international relations: I do not, therefore, propose to expound before you the basic details of the Schuman Plan. Its provisions are set out in the Treaty establishing the European Coal and Steel Community, where you may read and study them at leisure, if only to refresh your memory. Suffice it to say that, under the Treaty, the contracting Governments undertake to abolish all national trade restrictions such as tariffs, quotas, and monetary restrictions, subsidies, discriminations, and restrictive practices tending towards the division or exploitation of the market. To ensure the observance of these obligations, the Treaty establishes common institutions. Of these institutions, the High Authority represents the executive. In the modern democratic world, an executive must be controlled by representatives of the people. Parliamentary control in the Community, therefore, is supplied by the Common Assembly, composed of parliamentarians from the Community countries: this is the Parliament before which the executive is responsible. A further prerequisite in modern constitutions is a supreme court of appeal, whereby the other organs of the Community may be controlled, in order that those governed by the constitution shall be sure of fair and impartial treatment. In the Community this function is performed by the Court of Justice, the supreme and final court of appeal for all Community affairs. Furthermore, since the Community is concerned with only one sector of the member countries' economies, there must be liaison between its executive and the governments of member countries. Such liaison is supplied by the Council of Ministers — a co ordinating link between the High Authority and the national governments of the member states. Within this common framework of parliamentary responsibility towards the Common Assembly, judicial control by the Court of Justice, and co ordination by means of the Council of Ministers, the High Authority is entrusted with the mission, and the requisite powers, to act as a single government in the field of coal and steel. In times of great scarcity, for example, or great plenty, it can apply the measures formerly applied by national governments, such as price fixing and the allocation of supplies. In addition, it is empowered to apply Europe's first anti cartel law, to supervise mergers between firms, to tax the enterprises of the Community, and to have access to certain information concerning their structure, to negotiate on behalf of the Community, and to apply sanctions on governments and firms in the event of their violating the Treaty. All these are "governmental" powers.

The institutions of the Community, and their powers, have been described at length in many books, articles, and lectures. I will not burden you, therefore, with a further detailed description of them here. All the basic information about the Community's structure, indeed, is given in the Treaty: what the Treaty does not and cannot describe is the Community's history and its results. I should like, then, to devote the remainder of our time to an attempt to answer a single question: Has the Schuman Plan succeeded in changing Europe's economic and political structure in ways that would not have resulted from a simple liberalisation of Europe's trade?

Let us consider first the economic aspect of this question. Here, I think, the Schuman Plan is making four great structural changes. First, it is producing more rational patterns of European trade. Secondly, it has brought greater stability to the European economy. Thirdly, it has increased productivity by spurring the modernisation of Europe's industries. And fourthly, it is bringing about a gradual improvement and harmonisation of conditions of work in the Community countries. Let me illustrate these four points one by one.

First, the rationalisation of trading patterns. To begin with, it is worth pointing out that international trade in Community products within the Community has greatly increased since the Treaty came into operation. Since 1952, this trade has nearly doubled. Part of the increase, undoubtedly, is due to increased production in the Community: but over the same period the output of Community products has only increased by 15% as compared with the doubling of its trade. Equally, it may be argued that this trade increase is simply the result of renewed prosperity and a general trade recovery: but the increase of trade in non Community products over the same period, once more, has been considerably less than that in coal and steel — 59%, in fact, as compared with 93%. This difference becomes even more striking if we compare the increased trade in steel, iron ore, and scrap with that in other capital goods, such as non ferrous metals, building materials, machines, and vehicles, which are outside the Community's jurisdiction. From 1953 to 1955, the latter has increased by less than two thirds: but the former, under the Community's jurisdiction, has been multiplied one and a half times.[8]

These figures prove, I think, that the Common Market has become a reality — that coal and steel are now crossing national frontiers with greater freedom and in greater quantities. But merely sending coal and steel across frontiers is not, of course, a goal in itself. We might, indeed, be reproached in the worlds of an English proverb, for "sending coals to Newcastle" — *d'avoir porté de l'eau à la rivière*. What, then are the real results, what is the real meaning, of this increased trade? Much of it, in fact, represents a rationalisation of Europe's market outlets, and a saving of time, distance, and cost in Europe's supply system.

The establishment of the Common Market has not meant merely the abolition of tariffs and export subsidies, but also the abolition of those national barriers formerly imposed by differential railway rates. Formerly, not only were freight rates different for home and foreign users of national railway systems, but also each international journey was considered to stop and begin again at each national frontier — even if the train itself did not stop. Mileage rates, which tapered off according to distance, would begin again at the maximum at each national frontier; and at each frontier terminal charges would be imposed under the fiction that each stage of the journey in a different country was in fact a separate journey. Under this regime, it was often cheaper for the consumer to bring his goods from a considerable distance inside his own country rather than to import them over a much shorter distance from abroad. The real cost — in time, fuel and labour — of this artificially cheaper journey was, of course, considerable. Since the Community has now established international railway through rates, and abolished previous anomalies, new patterns have begun to emerge. Coal from the Aix la Chapelle mining basin which formerly went largely to Germany, is beginning to cross the border into nearby Belgium and Luxembourg. The Dutch Limbourg basin, likewise, has greatly increased its exports to nearby Western Germany, France, and Belgium. The Ruhr and Lower Saxony are delivering a smaller proportion of their coal to distant customers in Southern Germany, and a larger proportion to those nearer at hand in the Netherlands. Belgian coal mines have increased their deliveries southwards, notably into France, while France and the Saar have increased their deliveries to Southern Germany, formerly supplied over a greater distance by the coalfields of the Ruhr. A similar rationalisation has taken place in German steel supplies. In such ways as this, goods are now travelling over shorter distances, with consequent economy not only in their freight charges and their cost to the consumer, but in their real cost in terms of time, fuel, and labour. This, then, is one change that the Schuman Plan has brought to the structure of Europe's economy.[9]

A second change is increased stability. Certainly, the Community's experience since 1952 is no doubt too short to enable us to study a complete trade cycle. But a trade cycle very seldom appears at precisely the same moment in several countries at once: if demand slackens in one country, it often remains high in another; and if one country experiences a sudden shortage, it can usually be supplied from abroad. Since the Community has abolished artificial national trade barriers, it is now much easier for producers to find markets outside their own frontiers, and for consumers to look elsewhere for supplies in times of scarcity. In 1953 to 1954, for example, when the French steel market slackened, French steel found an outlet in Germany: in the following year, when there was tension in the German market, Germany's consumers were supplied from elsewhere in the Community. In fact, the increased trade which we noted earlier, has greatly slackened market tension in the present boom period. This greater flexibility in trade has meant greater stability in the Common Market; and it is noteworthy that the whole Community showed unexpected resistance to the American recession of 1953.

This greater stability in the face of fluctuating trade has been accompanied by a new stability in prices: each, in fact, has aided the other. The suppression of tariffs on coal and steel has meant that products imported by one Community country from another no longer undergo a price rise as they cross the frontier; and transport charges, as we have seen, have meant further price reductions. Consumers have benefited also from the suppression of discrimination and double pricing, whereby countries used to be able to sell the same product more dearly abroad than at home, and whereby foreign prices fluctuated considerably in response to fluctuations in supply and demand. During the "post Korean boom" years of 1950 to 1952, steel prices rose steeply in Holland and Germany: but since 1952 the average price of the volume of Community products exchanged by the Community countries has been lower than that of all other products, and has not risen in the way that boom conditions of the present sort would normally have led one to expect. This, in the words of M. René Meyer, President of the High Authority, represents an unprecedented price stability in a period of such brisk economic activity[10]. And if such stability has been felt on the Community's home market, it has also kept the Community's export prices within reasonable limits. The most recent Report of the Economic Commission for Europe, in fact, shows that the difference between the Community's home and export prices remains less than that between the home and export prices of Great Britain; while the absolute level of Community export prices for merchant steel is lower than that of both Britain and the United States. Finally, when one recalls that the whole German economy is deeply affected by Community steel prices, and the whole French economy by the price of the Community's coal, one begins to appreciate the immense importance of this new stability in Community prices.

The third economic change that the Community has brought about is a considerable increase in productivity, made possible both by an international division of labour within the Community and by its counterpart, the rationalisation and modernisation of production. Since the resources of the Community are now common resources, no nation within it need fear the danger of being cut off from those resources in times of scarcity.

Let us see what this means in a practical case. Europe today is facing a big coal shortage. Not long ago, Denmark found that Great Britain had cut her supplies of coal. This could happen because neither Denmark nor Britain is a member of the Community, and neither therefore is subject to its rules.

But, at the same time, German coal continued to be assured to its Community customers — although, of course, the Community too was experiencing the same shortage as Britain.

This new assurance within the Community is making it possible to tackle problems which have never been tackled hitherto. For example, for many decades Belgium was faced with the problem of her Borinage coal mines, which, for geological and historical reasons, were becoming increasingly uneconomic. Before the establishment of the Common Market, Belgium was unable to force the issue, including eventually the closing down of un economic mines: she feared that if she did so, she would have to become dependent upon outside supplies, which in times of scarcity might be cut off overnight. The establishment of the Community, however, removed this fear. Now, "outside" resources were no longer truly "outside"; and the High Authority's powers to allocate supplies in times of scarcity ensured that supplies would be forthcoming. Moreover, since resources within the Community were now common resources, the cost of reorganising them could be borne by the Community as a whole. During the transitional period of the Community's existence, therefore — that is, its first five years — Belgium enjoys a special regime whereby the cost of modernisation is supplemented by the Community, on condition that Belgian coal enters the Common Market unprotected after this period even if this necessitates the closing down of uneconomic mines during the 5 year period.

Similar schemes for the rationalisation and modernisation of production are operating elsewhere. At once assured of a wider and more stable market, and spurred on by free competition from other Community countries, producers have been encouraged to overhaul antiquated plants and processes and to expand their means of production. Throughout the Community one finds the same story: here it will suffice to quote one notable example. This is the reorganisation of the Loire steel industry, brought about by the merger of four formerly independent firms, all situated within a radius of 20 km round Saint Etienne, but all divided by origin, history, and the pride of being independent. All had long recognised the need for modernisation: but this need only became acute with the establishment of the Common Market. Each of the four firms, by itself, was incapable of meeting the demands of competition: only by merging could they hope to survive and expand. Thanks to special High Authority aid for the readaptation of the steel workers displaced by the merger, this long needed modernisation is being brought about with the active support of the labour unions. The four firms have been amalgamated into a new unit, the "Ateliers et Forges de la Loire". Their plant is being modernised and reconverted; their costs are being lowered; and their production is being adapted to the new needs of the market. Meanwhile, the workers displaced are being compensated, re trained and re employed. The whole process has been summed up as follows by the Director General of the new firm:

> Taken individually (he says) our enterprises had not kept pace with technical progress. None of them was able to renew its outmoded plant or to achieve sufficient output from its own individual structure. The opening of the Common Market helped to make clear the inevitable issue which threatened us... The first tangible proof of our success is that we have had the satisfaction of seeing a similar movement towards concentration and rationalisation take place in the other industries of the Loire. Logically, our initiative should not only enrich the French steel industry, but also serve as the point of departure for a new development of the whole region.[11]

Moreover, since it was competition from the Ruhr which in the Common Market helped to spur this modernisation, it is easy to see how France's economic strength is now being reinforced, rather than sapped, by German industry. And this process — of competition from one country spurring on another — is characteristic of the whole Community. The result is a development of regions, such as the French coastal area, hitherto sheltered and held back by the absence of competition. More generally, the final result is an increase in Europe's productivity. The output of Community products, as we have seen, is steadily increasing; but this increase has been brought about with a relatively small increase in the labour force employed. Between 1952 and 1955, the Community's steel production has grown by about one quarter; but over the same period, the number of workers in the Community's steel industry has remained almost the same. Furthermore, as we have seen already, the rationalisation of Europe's transport patterns has meant that fewer people are now employed in transporting coal and iron ore over unnecessary distances.[12]

Ultimately, you will agree, these increases in Europe's productivity are the only way of raising the standard of living of her people. But you may well ask: what is happening at the present time — not in the long run, but in the short run — to the social conditions of the Community's workers? Is economic progress being bought at their expense? Is competition being met by a lowering of wages? This brings me to the fourth of the points I enumerated earlier. I have already described three of the economic changes which the Schuman Plan is bringing to Europe's former structure: more rational patterns of trade, greater stability, and increased productivity. The fourth change is a gradual improvement and harmonisation of the conditions of work in the Community's countries.

I need not here describe the social policy of the Community. Its various provisions — for readaptation, workers' housing, vocational training, labour mobility, and research into social conditions, health, safety, and welfare — are enumerated in the Treaty, and are going to be described here later. Just now, we saw how the Community had enabled firms to be modernised and merged, without causing widespread distress by simply laying off workers — how, in fact, the High Authority intervenes to provide for their compensation, re training, and re employment. But there is one further economic fact which I should like to point out now, since it shows, I think, the advantageous position enjoyed by the workers in the Common Market. The Schuman Treaty, as you know, prescribes as one of the aims of the Community "the improvement of the living and working conditions of the labour force in each of the industries under its jurisdiction so as to harmonise those conditions in an upward direction". Clearly, the Community would not be a real Community in the social field if its gains went only to those who were already in a favourable position. Moreover, in harmonising working conditions, it would clearly be wrong to bring more fortunate workers down to a lower level: conditions must be harmonised, as the Treaty says, "in an upward direction". This, in fact, is just what is happening. In 1952, the highest paid workers in the Community industries were those of Belgium and Luxembourg. Since the establishment of the Common Market, their wages have not fallen: indeed, they have risen by about 8%. But the wages of French and German steelworkers, which in 1952 were considerable lower, have now gone up by more than a quarter — 26% for Germany, and 27% for France.[13] Thus Community wages are showing a tendency towards harmonisation in an upward direction; and they are increasing, moreover, at a greater rate than those in the manufacturing industries outside the Community's jurisdiction. In this way, Europe's economic integration is becoming a social reality: the Schuman Plan is in fact producing structural changes in the social scene.

So far, I have spoken of the economic structure of Europe and its gradual transformation by the Schuman Treaty. I should like now to answer the second part of our original question. To what extent, that is, is the European Coal and Steel Community changing the political structure of Europe?

Nobody ever expected the Coal and Steel Community to have a very profound influence, in a few years, on something so difficult to change by peaceful means as the age old political structure of Europe. Sovereign national states had for so many centuries been the very stones with which Europe's political "house" was built — a building which had been shaken and nearly ruined by disastrous conflicts between sovereign national states. One has only to look back for a moment to remember the appalling horrors of the last war, which at once revealed the urgent necessity of a change in structure, and at the same time emphasised its enormous difficulty. In view of this more than chequered history, one is bound to look at federal institutions with a rather sceptical eye.

The structure of the European Coal and Steel Community's institutions, however, is a federal structure; and a first question arises automatically. Are Frenchmen, Germans, Italians, and the peoples of the Benelux countries really capable of working federal institutions — a short ten years since the end of the second world war?

Is the Community's federal character not simply a legal fiction, a mere façade behind which continuous international negotiations of the old, classical type still take place?

The answer is: NO. The Community's federal character is not a façade, but a living and working reality. My own experience as Secretary of the High Authority — the Community's executive body — has given me the privilege of sitting in at all the High Authority's meetings since it began to function, until I took up my work with the Action Committee for the United States of Europe, a few weeks ago. It has also been necessary for me to follow as closely as possible the developments and activities of the Community's other institutions. My experience has convinced me of their genuinely federal character.

With regard to the Court of Justice, the Community's supreme tribunal, I have never — either when a nation has lost or won a case against the High Authority (both have happened) — I have never heard a word, or seen a line in any newspaper, suggesting that the judges had followed any criterion other than that of the Treaty and their own judgment and sense of justice. I have heard the Advocate General destroy a case brought before the Court by the state of which he was a citizen; and I have not heard anyone comment on this as amazing, or even surprising; I have only heard comments on the legal views expressed.

In the Common Assembly I have never heard anybody speak to attack or defend a proposal in the name of those Assembly members who are his fellow countrymen. But time and time again I have heard members speak to defend or attack the policies of the High Authority in the name of the Assembly's Socialist, Christian Democrat, or Liberal groups. These political groups, composed of members from all the Community's countries, are in fact living a vigorous life, expressing common views and taking common lines of action.

In the High Authority itself, I have many times seen difficult decisions taken after long and arduous debates; decisions which were of the greatest importance to some or other of the Community's member states. But these debates and these decisions always centered around the common interest, the interest of the Community. I am not saying that the members of the High Authority are not expected to inform their colleagues of the reactions which a certain decision might produce in their home countries. They know their own countries better than their colleagues: the latter have therefore the right to be informed of the likely consequences of such a decision. I am not saying, equally, that at no time has one or other of the High Authority's Members been unduly influenced by national actions and reactions. But what I am saying, and what I do wish to stress, is that no one can as I have done watch these meetings and their outcome through the months and years, without concluding that it is the common interest which dominates the decisions, which guides the search for truth — and that discussions of this sort, always looking to the common interest, are something very different from international negotiations.

Is this because the Members of the High Authority are such exceptional and capable men, or because they apply such exceptionally high ethical standards to their work? Well, in all frankness, this is not the case. The High Authority is a body of very able men: but they are not in themselves essentially different from the men one would find in our national governments or at an international conference. The secret of their success is a very simple one: it is their responsibility.

So simple a truth is often difficult to understand. But a normal man tends to answer to his responsibilities, certainly if he has accepted them willingly and knowingly. If a Vice President of Studebaker is made President of General Motors, no one will expect him to continue serving Studebaker's interests in his new position. Likewise, the Members of the High Authority have all accepted their new responsibility — to serve the Community without taking into account the interest of their home states; and they have all agreed to be responsible politically before the European Parliament, the Common Assembly. As a result, they are capable of taking decisions which a group of persons each responsible to his national Parliament simply could not take. It is not merely that such persons could not and would not take them: they would have no right to take them. No good can come of people overstepping the limits of their responsibilities. A Dutch or British, an Indonesian, or a Moroccan Minister is expressly nominated to serve the interests of his country — not to serve the interests of the Dutch Indonesian Union, so long as it existed, or of the British Commonwealth. Certainly, nations belonging to organisations like N.A.T.O. or the Commonwealth will take account of the necessities of those organisations; but only because — and only so long as — they see the national advantages which membership in such organisations brings them. The main, overriding responsibility of national ministers is towards a national parliament, nationally elected to serve national interests. That is the framework in which they have to work: that is their strength, and their weakness. Whatever happens, they cannot usefully overstep these limits. But the Members of the High Authority have been given other responsibilities, other burdens, and — in fact — another framework within which to act. Being normal people — neither monsters nor supermen — they react as most people would react in their place: that is, they answer to their responsibilities.

I should have liked to be able to go into details, and discuss with you some concrete examples of how this process works. But let it suffice for me to say that I am deeply convinced, by experience, that the Common Market would never have been established, and would have had small chance of survival, if the High Authority had been a body of governmental delegates acting on governmental instructions.

My first political conclusion, then, is this: that Europe is capable of producing, and Europeans are capable of working, federal institutions. I think it was Walter Bagehot — but I have never been able to trace my quotations when I need them — who said that the men of Massachusetts could work any constitution. Well, I know many people who thought Europeans capable of most things, but not of working a federal constitution. In the European Coal and Steel Community these sceptics have been proved wrong.

My second point, with regard to changes in Europe's political structure and habits, is this. The member states of the Community are learning to accept and to execute federal decisions, even when these go against their own wishes. The High Authority has sometimes had to take decisions in the face of heavy opposition — for example, from the French and German governments. In certain cases these governments have appealed to the Court of Justice — as, under the Treaty, they have every right to do. But never had there been any question, or any talk, of not accepting or not executing the High Authority's decisions, once they had been finalised by a Court decision. Phrases like "the High Authority requests the government... to settle the matter before such and such a date ..." from a High Authority letter to one of the member governments, are unprecedented, even revolutionary, in the history of Europe. But decisions of this sort are becoming common, well known to the governments, and accepted by public opinion. I do not mean to say that all this is definitive, has come to stay, and is no longer in danger. What I am saying, rather, is that such things are happening, are facts; and that as such, they represent extremely important lessons for the future. Europeans have proved themselves capable, in the Coal and Steel Community, of taking federal decisions: and, more important than this, and often more difficult, they have proved themselves capable of obeying them.

Such, then, are the changes, economic and political, that the Schuman Plan is bringing about. Economically, it is producing more rational trade patterns, greater stability, greater productivity, and a progressive harmonisation of working conditions. Politically, it has produced Europe's first federal institutions, operated and accepted in an entirely new way. What, finally, are the conclusions to be drawn from the Schuman Plan's experience — first in the economic field, and secondly, in the field of European politics?

Economically, our conclusions, I think, must be two. The first is that if one wishes to obtain the economic advances that we have noted — rational trading patterns, greater division of labour, stability, productivity, and harmonised working conditions — it is not enough simply to work on reduction of quota and tariff restrictions, as does the O.E.E.C. The O.E.E.C., as we have seen, has done and will go on doing admirable work: there is a great deal, there will always be a great deal, for it to accomplish. But its possibilities are limited, for several reasons. In the first place, it cannot tackle other forms of discrimination, such as those created by hidden subsidies and differential freight rates. Secondly, it cannot touch the cartel or price ring elements which affect the whole picture of competition. Thirdly, because it does not make national resources common resources, it cannot create a true international division of labour: for it common supplies are not guaranteed, a nation may have to maintain its own production, even at an uneconomic cost, in order to safeguard itself against times of scarcity. For, finally, agreements entered into the framework of the O.E.E.C. are reversible: and all this means that no permanent structural change is likely to take place within that framework. For such changes to take place, not only tariffs and quotas must be abolished, but all kinds of discrimination — hidden subsidies, differential freight rates, cartel agreements, double pricing, discriminatory sale conditions — all this must be cleared away as well.

But — and this is the second economic conclusion that I think we must draw — our task is not merely negative; it is not merely a question of clearing away the anomalies that hamper Europe's economy. Positive guarantees must be given as well. In the first place, it is necessary to ensure that the establishment of the new system does not disrupt economic life. Certain measures have to be taken to tide over those parts of the economy that would be too hard hit by a sudden lowering of national barriers, and to enable them to adapt themselves to the new conditions. We have seen already how this is being done in the case of Belgian coal mines and part of the French steel industry. Furthermore, once a Common Market is operating, certain guarantees must be given to consumers, producers, and workers.

The consumer, first of all, must know that he will not suffer from discrimination, either in prices or in supplies. He must have the assurance that prices are not to be fixed by cartels; that for goods bought in another Community country, say in Germany, he will not have to pay a higher price than a German consumer buying the same goods; and that, in times of scarcity, he will get the same treatment as consumers in the supplying country.

The producer, likewise, must be assured that competition in the Common Market will be fair competition, undistorted by concealed government subsidies or by price agreements. He must be certain that in times of glut he will not be ruined by price landslides, but protected if necessary by minimum prices.

Finally, since the aim of all economic activity is to improve man's standard of life, the workers must have the guarantee that economic progress really betters their lot, and does not have to be paid for by low wages, unemployment, or social insecurity. Certainly, technical change is almost bound to cause temporary unemployment; but special measures can and must be taken to compensate, re train and re employ those who have to bear the brunt of these changes. "Readaptation", in fact, is the guarantee that changes made in the interest of the community are not made at the workers' expense. Moreover, for workers also, competition in the Common Market must be fair competition, not artificially by undercutting wages, which would not only cause hardship but also distort the true operation of competition, which is a competition in efficiency.

These, then, are our economic conclusions; but they bring in their train certain political conclusions as well. All this can only be achieved, that is, by means of institutions endowed with sufficient powers for the supervision of the whole process. There must, clearly, be an executive authority, not composed of national delegates, responsible to national governments and national parliaments, but composed of genuinely independent members responsible to the whole Community. Since this executive must be subject to democratic control, it must be responsible before a parliament; and since the parliament cannot be a national parliament, it must be a Community parliament. Justice likewise demands that the executive's activities should be controlled by the possibility of appeal to a supreme, absolute, and independent judicial tribunal: that, in other words, there should be a Court of Justice. There will, finally, have to be liaison between the executive and the national governments, for the discussion and harmonisation of policy: therefore, there will have to be some such body as the Council of Ministers. Such political institutions as these, then, will be indispensable for the achievement of the economic aims we have described.

Our experience has shown that Europeans are capable of working and obeying such institutions. The Coal and Steel Community has shown that integration of this sort can be, has been, a success. There is no essential obstacle, that is, to such integrations — even if it is confined to a single sector, with all the resultant problems of coordinating that sector with the remaining sectors of the member countries' national economies. So far, our experience has been confined to coal and steel. But, as I hope I have shown you today, that experience demonstrates at once the necessity, and the possibility, of extending our experiment to the European economy as a whole.

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