Address given by Walter Hallstein on the Schuman Plan (28 April 1951)

Caption: On 28 April 1951, in an address given at the Johann Wolfgang Goethe University in Frankfurt, Walter Hallstein, State Secretary at the German Foreign Office, gives details of the numerous economic, political and institutional implications of the Schuman Plan.

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The Schuman Plan

State Secretary Professor W. Hallstein

Ministers,
Rector,
Ladies and gentlemen,
Students,

It is with a mixture of emotion and unease that I stand before you today in this, for me, not entirely unfamiliar place. Emotion because of the undeserved welcome you have extended to me in the very kind words spoken by the Rector of this university; unease because you are perhaps expecting from me something more in keeping with the *genius loci* than what I have to offer. Please don't expect a lecture to be measured against the standards of academia, with all their severity, their insistence on elegance of form and depth of analysis! Perhaps you will be lenient towards a very busy man whose schedule does not permit that kind of preparation. Will it be compensation enough if I promise that what I have to say shall resonate with the immediacy of the events of recent months? At all events, I should very much like to communicate to this audience something of the infectious verve with which this endeavour has been pursued.

As the Rector has just said, the endeavour in which we are engaged is one of unparalleled boldness, is indeed a revolutionary endeavour, although this revolution, belying the usual understanding of the term, is being fought by peaceful means. It is at the same time an endeavour which addresses issues and hence also calls for solutions of an extraordinary complexity. And it is, finally, an endeavour burdened with the weight of extremely important interests.

Among the reasons which prompted me to begin here, in Frankfurt, the task of making this endeavour known to the public was thus the thought that it would perhaps be easier for me, in this setting which is familiar to me and to which I am familiar, to convey its underlying concepts. Since this endeavour is essentially about what we have got used to calling the integration of elements of sovereignty in a specific area of our national economies, perhaps I may begin by trying to give you a feel for what we might call the economic core; I would then move on to the so-called institutional, one could even say constitutional, issues and then close with one or two remarks about the general political significance of what we are doing — for the Federal Government made it perfectly clear from the outset that it is at this level that our work assumes its noblest meaning, a view shared by the other states involved.

I

1. This enterprise was prompted by a worrying fundamental reality: namely, that for a long time now, since in fact the pre-war period, Europe's basic industries — including, indeed in particular, West Germany's — have lost ground in relation to the overall development process at world level; indeed the performance deficit has grown constantly. This goes for total industrial output and also for output per capita, the consequence being lower real wages and a lower standard of living. This is what must be rectified. (I make these points at the start so as to emphasise that our enterprise is infused with a progressive spirit, that our thinking is dynamic, not static. Our aim is not to preserve and consolidate assets but to build a better future). On the economic side, then, what is truly constructive is that we are looking for ways to make good that economic deficit. Economic experience again suggests that when this question is posed, the answer has to be: the best way to improve this situation is to expand the market.

Opening the Frankfurt Trade Fair just a few weeks ago in this very place, I spoke a few words about the importance of market expansion for economic and technological progress. I shall, if I may, take that as said and simply repeat here the key message, namely, that the main benefit to derive from an expansion of market entities is the division of labour which it renders possible. In our case this means a European division of labour, which at the same time — since our endeavour is not intended as an isolated European effort but rather as a contribution to the safety, the pacification, the progress and the economic wellbeing of the entire world — enhances the global division of labour. And the division of labour, a point I hardly need to rehearse

here, in turn ensures that production occurs rationally at the most favourable locations, to the benefit of all consumers within the expanded market. This must of course be accompanied by a conscious policy of augmented production and higher employment levels, a policy also of improved economic security, with a further emphasis on eliminating artificial distortions and in particular discriminatory interventions. It follows that a distinction between the natural conditions applying to economic activity on the one hand, and artificial interventions on other than economic grounds on the other, is one of the main distinctions that characterise our solution.

2. How are these objectives expressed in the Treaty? Please allow me to make a legal comment here on a point which is often disregarded by critics. The — supranational — authorities we are establishing derive their competence not from the self-evident, general sovereignty of states, but from a specific surrender by states of certain prerogatives. This surrender is limited in scope, it is not total, and the expression which has been heard in the controversy over the Treaty: 'the High Authority is all-powerful!' reflects a misapprehension. If it were true, we could have saved ourselves many months of hard work. What in fact we had to do was specify in detail which tasks were to be removed from the national domain and transferred to supranational authorities and what competences those authorities, which represent the supranational community and through which that community's existence is expressed, were to receive..

This is done in the first instance through a series of basic formulations to be found in the preamble and the introduction. They proclaim: economic growth, a high level of employment, a raised standard of living. These notions are then fleshed out in a whole series of further provisions, the detail of which gave rise to some very difficult negotiations. Those provisions are founded on the needs of consumers. To talk about a 'cartel' or even a 'supercartel' is thus once again beside the point. Consumers are to be given equal access to all production sources within the communitarised domain. The aim is also to bring prices down. This is worthy of mention, for what we have here is one of the most basic infringements of a principle which is otherwise one of the foundations of the Community, namely, free competition. In a completely free market economy, prices would rise until they reach the prices charged by those producers ('marginal producers') whose output is just needed in order to supply the market with goods. To give a real-life example: coal prices would, in Germany for example, have to rise until they reached the levels which the Belgian mining industry, with its in some cases unusually unproductive collieries, would have to set in order to cover its costs. Further aims include securing satisfactory living and working conditions and expanding trade between states. There are also what might be called negative prescriptions, or in other words prohibitions, which determine the outer limits of the market and thus create the common market. What they say is that within the communitarised domain there may no longer be customs frontiers and quantitative restrictions on imports and exports. If these various elements are to be subsumed in the enunciation that in the European Coal and Steel Community the 'economic principle' prevails, then it must at least be clear that one is talking neither about a purely competitive economy nor about out-and-out dirigisme, or shall we say a planned economy. What we have in essence could better be called 'organised competition'. The fundamental concept, that of achieving a better division of labour by expanding the market, is a matter of sound economic sense. And that concept will be upheld to the extent that official intervention is on principle allowed only in exceptional cases and, even then, on the understanding that indirect measures are preferred to direct ('command economy') intervention. It is thus also incorrect to refer to the Community as a 'concern'; it is precisely a feature of a concern that the company management is communitarised.

An associated point is that distortions of the principle of free competition, emanating from the private sphere, are ruled out. The provisions here address issues of particular public concern: I am referring to the ban on restrictive practices and to control over company interpenetration. The basic idea is to exploit to the full the advantage offered by the most favourable production location in the Coal and Steel Community and to give preference to the best producer (this is not a moral judgment; this is also the producer which happens to enjoy the most favourable natural production conditions). There can be no question of the weak and the lazy joining forces in order to curb the development of their strong and healthy counterpart.

3. It could be objected at this point that such a scheme can work only if the competitive conditions in the various locations are something like equal, even if they are not systematically so. This is in principle a valid objection. It cannot however be taken so far — and this has sometimes happened — as to demand absolute

equality of starting positions. It is indeed hard to understand quite what that might mean at all. Absolute equality of starting positions is of course something that does not exist. Italy produces steel but has no coal. And Holland has no iron ore. These are situational differences which the Treaty takes as given. ‘We are not trying to alter geography!’ as the French Delegation once quite rightly said. Quite the contrary: a concern that locational advantages should be better exploited is the very negation of a demand for equal starting positions.

Unfortunately the problem is not restricted to issues of physical geography or geology; the question immediately arises whether competitive conditions other than those pertaining to natural history, and I mean here conditions arising out of the social and political integration of producers in specific national economic orders, whether then such conditions might not generate differences which would not survive scrutiny under this Treaty. What for example if the tax systems in the countries of the Union differ, or the social welfare regimes, or the tenets of commercial law or more generally the political orders? This can all lead to a situation in which producers in one country enjoy a competitive advantage over producers in other countries. In the course of the negotiations, and especially at the start, there was something of a tendency to take a very broad view of the task of harmonising competitive conditions and to assign to the European Community authorities, in these areas of state action too, a measure of co-responsibility in national economic matters. That line has been abandoned. The present solution goes no further than to grant the Community authorities, and in particular the executive, that is the High Authority, economic powers in the area of ‘economic policy’ which has traditionally been the prerogative of the economic affairs ministries — and even then solely within the scope of the coal, iron and steel industries. Perhaps I can illustrate this with an example: the High Authority has as a matter of principle no competence to intervene in the social policies and wage systems of the individual countries. Those policies and systems are proper to the social geography of production. The only general limitation on that basic approach arises out of the principle of treaty compliance: no state may increase its producers’ competitive advantage after the fact — that is, once all Member States have, by dismantling economic barriers, deprived themselves of their traditional bulwark in the competitive struggle.

4. Perhaps I may now offer you an overview of the European Community’s specific competences so as to illustrate the interplay between these functions and entrepreneurial activity. We have drawn a distinction between a normal situation and two specific crisis situations, though I would add that such ‘normal situations’ are not necessarily the rule in the economic sphere.

a) Normally, the guiding principle is — as I already said — organised competition. Here the High Authority confines itself in the main to indirect influence. In the most important matter, that of prices, a number of substantive legal rules prohibit unfair competition and discriminatory pricing. Beyond this, the High Authority is allowed — under conditions of varying strictness — to set maximum and minimum prices. It is generally acknowledged at the present time that such price-setting powers are essential; the fact is that such powers have been in place everywhere for quite some time and they cannot simply be removed when the Treaty comes into force without being replaced in some way. This was also confirmed for us — the German delegation — by the expert advisory committee of the Federal Ministry of Economic Affairs (which can hardly be suspected of command economy tendencies).

Commercial policy posed a particular problem in so far as the European Community’s interests and the individual interests of the states which have joined together in that Community are difficult to reconcile. On the one hand the states cannot be deprived of the right, in the framework of their commercial treaty policy, to dispose as they see fit of parts of their coal and steel production. A whole series of states would be left entirely unable to pursue an independent commercial policy if trading commodities as important as coal and steel had to be excluded from commercial treaties because the states concerned no longer had them at their independent disposal. On the other hand the European Community cannot itself pursue commercial policy since coal and steel is all it has at its disposal. The result of these reflections was a compromise along the lines that in principle commercial policy would remain the province of the Member States for these two products too; the European Community would however be allowed a measure of involvement, a measure of control, would even where absolutely imperative enjoy certain powers of intervention. Such powers would be available in cases where it was necessary to protect the ECSC territory as a whole from unlawful external interference in trade; there must be the capability to defend in unison against an attack, mounted using unfair

means (dumping for instance), on production in the ECSC area.

Transport policy finds itself in a similar limit situation. It seems clear that transport policy cannot remain entirely untouched if the European Coal and Steel Community is to be constructed in such a way that discrimination between Member States based on the national origin of products is prohibited. The basic tenet is that all products which are produced in the common area are subject to equal treatment in that area. There is thus no place for a discriminatory tariff policy. Otherwise what may no longer be done under the heading 'customs duties' could be achieved simply by means of discriminatory pricing. The Treaty thus contains a provision prohibiting discriminatory prices, that is to say in particular prices which incorporate differing charges for the transport element depending on the origin of the goods concerned. It is intended furthermore to elaborate in the near future through tariffs and to this end it has also been agreed to organise a conference.

Finally, in normal periods, investment policy remains a major aspect of the High Authority's policy work. The High Authority does not, as the Community's executive arm, enjoy anything like an investment monopoly. But there can be no doubt that it will be called upon to play a major role in investment allocation decisions, a role which may even prove decisive for the survival and development of these basic industries in all the participating countries. The amounts which will need to be invested in order to narrow the gap with the production standards prevailing in the civilised nations are nothing short of astronomical and it is fair to say that the total pool of credit available within the ECSC area itself will, for the foreseeable future, remain insufficient to meet that requirement. Public funds will be required, and in all likelihood some funding will have to be obtained outside Europe. We expect — and the response to our undertaking within Europe and without bears out our expectation — that the basic industries associated in the ECSC and represented by the High Authority will constitute a sufficiently broad credit basis to obtain loans on a scale which would never have been achievable if the credit requests had gone forward separately.

The High Authority is assigned the further task, where this is necessary, of assessing and validating planned investments by individual enterprises. It delivers an opinion on the proposal concerned. If its opinion is positive, this at the same time means the High Authority is empowered to deploy its own resources in the area of credit policy in favour of the proposal. It can on the other hand rule that a funding intention would amount to an — economically unjustified — subsidy. This would then signify a binding decision prohibiting the proposed funding whether from public or private sources; self-funding alone would be authorised. The purpose of this provision is clear: namely to prevent, whatever the particular circumstances, the artificial emergence of production capabilities that would constitute an irrational drain on the economic potential of the ECSC zone.

b) There are two possible crisis situations. One is a crisis of overproduction, the other is a shortage situation.

In the first case overproduction is followed by its usual consequence: in accordance with economic principle, the less successful enterprise bows out, the better-run outfit stays in the market; the competitive struggle takes its normal course. Only where an open, serious crisis develops is it permissible to impose production quotas on all producers, accompanied by import restrictions.

In the opposite situation, that of a shortage, the problem is different. In such cases rules governing distribution have to be established and these necessarily imply an evaluation, a judgment concerning the various needs. Such an evaluation is concerned with more than just an issue of coal and steel policy in the narrow, administrative sense; it concerns a decision of general economic significance. Whether railtrack should be given priority over the sheet metal needed in car production is an issue beyond the scope of coal and steel production management; it is a matter for a general economic and perhaps even a general political judgment and, as such, comes within the competence of the authorities responsible for general economic policy, which continue to be the national governmental authorities, the economic affairs ministries. The arms industry is an even more telling example. It follows that demand priorities of this kind can be determined by organs of the European Community only when there is unanimity among the men responsible for national economic policy; that is, only by a unanimous decision of the Council of Ministers, this being the body through which the particular interests of the individual countries are represented. If such unanimity cannot be achieved, then the distribution of overall output is so to speak frozen at the level of the individual

demand segments of the individual economies, and is moreover frozen in its state at that particular point in time. The High Authority proceeds then to determine, on the basis of actual consumption in the individual countries, their shares of the total amount, which is to say the volume they retain from their own production or receive from that of the other countries concerned. How the overall quota allocated to a country is used, or in other words what needs are assigned priority access to that overall quota, is a matter for sovereign decision by the economic affairs ministries of the participating countries.

5. Before moving on from the economic aspect perhaps I could mention briefly the transitional problems we have had to address in this area. This issue has arisen essentially out of one special case, that of Belgian coal. The production conditions for Belgian coal are particularly unfavourable; consequently, the difference between production costs at Belgian mines and at mines elsewhere in the ECSC area is unusually large. Incorporating the Belgian mining industry is thus particularly problematic. Following protracted negotiations a compromise solution has been arrived at, based on German and French proposals. This is for integration of the Belgian production area in the overall area to proceed in stages; this means that, where coal is concerned, the barriers separating Belgian territory from the rest of the ECSC area are not dismantled in one go, as is the case in the relationship between the other states concerned; the approach is rather to introduce a sort of sluice-gate scheme and, by manipulating the water barriers, to bring the water on each side to the same level. That is the sense of the compensatory fund which has been set up for Belgian coal and to which we are contributing, contributions which do not, contrary to certain public affirmations, run into hundreds of millions but which will at most amount to 66.4 million DM in the first year. I say at the most and then only under certain conditions, some of which do not apply at all at present (because the demand for coal within the ECSC area is currently so high that the question of closing Belgian mines does not arise at all). That maximum amount will decrease by one fifth per year and thus be down to nothing in five years' time.

6. I would like now to make one or two remarks concerning the social policy provisions, which have sometimes failed to attract all the attention they deserve.

These social policy provisions are of vital importance to the workforce in the industries concerned. Here in the Treaty they represent something completely new, acquiring — somewhat in the manner of a socio-political catechism — legal significance: they at one and the same time limit and contribute to determining the mission to be accomplished by the High Authority. A common European understanding of what may and may not be done in the area of social policy has for the first time been given binding definition at international level. May I say that we welcomed in this area the particularly intensive and valuable contribution which the trade unions made to our common endeavour, a contribution made in the case of the German delegation by a member of the General Committee of the Federation of German Trade Unions. I mentioned earlier that the settlement of labour questions is in principle a national competence. There are however, as regards wage issues, two basic situations in which the High Authority is authorised to intervene in order to forestall disturbances. The Authority can, if it establishes that coal and steel workers in one of the countries receive particularly low wages, provide for redress by means of a binding recommendation; it should be noted that 'particularly low' does not mean particularly low in relation to other countries — this would in our view amount to an unauthorised expansion of the High Authority's competence into the national policy domain — but rather unusually low in comparison with average loan levels within the state concerned. The Authority may also intervene if in one of the countries a policy of wage reductions is being pursued with the sole aim of acquiring a competitive advantage, a policy then of wage dumping. This does not of course apply to the case of sliding wage scales, as these do not involve genuine wage reductions.

Another very interesting provision, one which initially attracted criticism even within our own circle, has on occasion been somewhat unkindly characterised as an insurance against technical progress: the High Authority is required to take measures to prevent or, where necessary, eliminate unemployment where such unemployment arises on a particularly large scale as a result of technical innovations. This certainly is a remarkable social charge imposed upon production as a form of compensation for the exceptional benefits accruing to it through creation of the ECSC.

A third provision has to do with the free movement within the Community of skilled workers in the coal and

steel industry. To further such free movement, the states have assumed a mutual commitment to conclude agreements concerning such movements of skilled workers. This is for the time being no more than a *pactum de contrahendo*, that is, a commitment to conclude a further treaty; there can however be no doubt that such a treaty will be concluded and will represent the realisation, in what may be called a special instance, of the concept of a common European — I am tempted to say — 'nationality'.

II

I will now attempt, as concisely as possible and in broad outline, to give you an idea of how this European Community is organised. What bodies are to be deployed and with what tasks in pursuit of the practical goals referred to above?

1. While this structure is difficult to characterise using the familiar categories of national and international law, its legal nature can be said to be that of a community or association of states. I stress this point once again with particular reference to those critics who, in seeking to convey the essence of this new organisation, have got into the habit of referring to such notions as 'concern' or 'cartel'. Neither employers nor employees are having to concede anything to allow the supranational Community to come into being. Only the states are actually conceding something. To be more specific, the only losers in this matter are the ministries of economic affairs, in so far as certain functions are being removed from their sphere of competence and transferred to a higher authority; admittedly, the states do in fact recover the functions they have ceded through their participation in the organs of that Community.

2. The Community's constitution is contained in the Treaty. The normative rules set out in the Treaty do however, in legal terms, carry varying specific force. They consist, if they are considered by analogy with domestic law, in part of constitutional rules — I refer here both to procedural rules and to substantive statements of basic values — and in part of laws or implementing regulations. This distinction explains the manner in which the problem of Treaty revision has been dealt.

The challenge here is to find an appropriate middle way between two extremes.

One extreme is for the Treaty to be completely immutable, which in itself would accord with general Treaty principles. And it is true that we do not yet have any kind of supranational legislative body. The source of legal effect is the international treaty between states. In this case, however, the treaty assumes the form of a corporative founding act, which does more than just impose binding effects upon states enjoying equality of rank; it also creates a new entity which even enjoys its own legal personality. But these effects too can be undone or modified only through a new treaty.

The other principle is to come up with a flexible solution, one which reflects the view that human imagination, and the imagination of lawyers in particular, is incapable of predicting actual developments over the next 50 years, as regards the facts with which the Treaty deals, or of foreseeing the changes in attitude that will occur in the general consciousness of the peoples concerned in the course of those decades. Admittedly, that flexibility must under no circumstances be taken so far that none of the states signatory take the endeavour entirely seriously from the outset. For this enterprise is indeed so revolutionary that we, the peoples, and here that means the parliaments, must address this decision with the utmost clarity. No half-and-half approach will do; a commitment limited to the five-year transitional period is not for example an option. This could too easily lead to a situation in which no state would make definitive preparations for a merging of sovereignties; and so the entire project would carry the seeds of its own destruction from the start.

We have, between these two extremes, devised a scheme based on staged solutions. To begin with, each state may call a conference to consider modification of the Treaty; such modification requires a two-thirds majority vote in favour in the Council of Ministers. There is also provision for two cases of more minor revision. One is the possibility, in conjunction with the Council of Ministers in which the Member State governments are of course represented, of granting the High Authority powers in addition to those provided for in the Treaty. The other case concerns a situation in which unforeseen difficulties arise in the application

of the Treaty or a fundamental change in economic or technical circumstances occurs; all the organs of the Community acting together may then decide upon an adjustment of the High Authority's powers. This solution is remarkable above all because the parliamentary Common Assembly of the European Community thus participates for the first time in a legal act; in so doing, this organ, which for the political evolution of the European idea is of great significance and has therefore received our support from the outset, takes a step nearer to normal parliamentary character — not to mention the fact that in this solution the concept of a European legislative power is for the first time adumbrated.

3. And now a few words about the Community's organs.

a) The nine-member High Authority is the main administrative organ, the executive organ. Under no circumstances did we wish the number of members to tally with the number of Member States, to ensure that the High Authority does not become a vehicle for representing particular national interests, seeking to reconcile those selfish interests through a never-ending process of bargaining, one might even say haggling. We have preferred to emphasise the High Authority's supranational character, with a view to creating a genuine federal authority acting on the basis of its own collective responsibility. For if one considers the various analogies available to help characterise this new entity, the aptest image remains the federal model. The High Authority, the unitary organ, could be likened to a federal ministry. This organ must not, however, be allowed to turn into a dirigiste body; this is why it has been assigned an advisory committee, which again — if I may stay with the image — could be likened to an imperial or federal economic council on which producers, consumers and employees are represented. The High Authority is obliged to engage in ongoing consultations with this advisory body. There are a whole range of decisions which it cannot take at all without first applying to it for an opinion. The High Authority does not possess any kind of local substructure in the sense of administrative antennae. For local tasks it relies rather on producer associations, that is, bodies through which the economy manages itself; such associations must however demonstrate certain characteristics, and must in particular ensure that proper account is taken of consumer and employee views.

b) The second organ is the Council of Ministers, which corresponds roughly to the federal council of a federal state. It is vested with a particular mission precisely because, as I have already mentioned in another context, it is a special feature of our undertaking that it accomplishes the merging of sovereign rights in only one area of economic policy in the participating countries and not across the economy as a whole. However, national economies being living entities, a measure that affects the area of coal and steel production cannot go forward without of necessity having an impact on the rest of the economy, that is, on the areas which have retained their national character. It befalls the Council of Ministers to deal with the resulting problems. It can thus be seen as the organ which ensures effective interworking between the unitary, 'federal' coal and steel area on the one hand and the remaining, still national economic policy sectors on the other. As you know, the distribution of voting rights within the Council of Ministers is not even. The French and German partners have an equal, but higher, share of the total voting rights. In practice, the effect is that the two partners enjoy double rights, that is each has an additional vote. This was to take account of the fact that the combined French and German output represents 75 % of total ECSC capacity.

c) The third organ is the Common Assembly, which could be seen as a first step towards a European Parliament; it is at all events a form of popular representation with parliamentary prerogatives, one which through its activity imposes parliamentary accountability on the members of the High Authority. If this parliamentary assembly passes a vote of no confidence with a two-thirds majority, the members of the High Authority are required to stand down. Its composition is to some extent aligned with that of the Council of Europe: 18 seats each for France, Italy and Germany; the Benelux countries however have a total of 24 seats (10:10:4) compared with 15 seats in the Council of Europe, the basic industries accounting for a particularly high relative share of the overall economy of Belgium and Luxembourg.

d) This brings us lastly to the Court of Justice. The Court has a triple function. It is, firstly, a constitutional court which ensures compliance with the constitutional limits placed on the actions of the various organs. It is a constitutional court of the traditional kind, in so far as it offers those affected by an abuse of its powers by the European administrative authority — those affected being producers and states — the opportunity to

bring an action to have the contested decision declared void. It is, finally, a court of arbitration in the event of a clash of interests between the European Community and the individual Member States. If an action or omission by the High Authority causes profound and lasting disruption to a state's economy and the Authority fails to take corrective action, an application may be made to the Court. The basic thought which gave rise to the creation of the Court of Justice — and the German delegation was a particularly strong advocate thereof — was that however ready we were to take the European idea seriously and however great our confidence in the force of that idea and in the objectivity of the High Authority, it nevertheless seemed to us essential to protect that Authority itself from temptations arising out of the undeniable fact that its members are after all nationals of particular states. And as entities which have developed in the course of history, the peoples will not be set aside by the European Community; they continue to exist, indeed, reaching back as they do to time immemorial, they will at least initially possess much greater inertial power than this young and novel construct. This is why we wished also to take an institutional measure to ensure the High Authority remained conscious of its collective European responsibility. Whenever the High Authority is tempted, on non-objective grounds, which is to say in pursuit of the particular, self-seeking interests of a state or group of states, to stray from the path of virtue, defined as the objective exercise of its powers, the Court of Justice must be in a position to intervene with a declaration of nullity. The Court is, as Mr Monnet rather nicely put it on one occasion when seeking to interpret the intentions of our delegation, the 'gardien de l'objectivité de la Haute Autorité', the guardian of the High Authority's objectivity.

III

Please allow me to conclude by touching on one or two political problems associated with the Schuman Plan. While these problems are not expressly addressed in the Treaty itself, they do form part of the political background to the Plan and hence influence judgments concerning it.

1. The first issue is the relationship between the Plan and the system contained in the occupation laws of constraints on our heavy industries. As you are aware, the French Government has taken the initiative, in a letter to the Federal Chancellor, of proposing that the occupation laws be modified; you are aware too that negotiations on this proposal have already begun with the other allied powers, that is, with the American and British Governments, with some participation by other states with an involvement in the Ruhr Statute. I can sum this up in just a few words. As the Treaty negotiations proceeded, it became increasingly clear that maintaining these provisions affecting Germany's basic industries could not be reconciled with the solutions envisaged in the Schuman Plan. To use the language of that Plan, they would constitute discriminatory treatment of Germany as a Member State; there was therefore an understanding that they would have to be abandoned, although this was not yet stated in Mr Schuman's celebrated declaration of 9 May 1950. You are of course familiar with the content of the French Government's letter, so there is no need for me to read it out. What is said is that when the Treaty comes into force or — in order that certain regulations should not be left in a void — when the High Authority takes up its functions, the existing restrictions will be lifted, in particular the established quota for steel production, but also the limitations on steel-producing capacity, licensing requirements for the production of steel, rights to information etc. We have reason to assume that this view is shared by the American Government and are very hopeful that the British Government will also endorse this decision.

2. The second issue to have played a political role in relation to the Schuman Plan is the Saar question. Since there is a lot of misunderstanding in this connection, I should like once more to give you some insights into our thinking. I should add that our approach has been shaped by a certain number of premises.

The first of these premises was the clear understanding that, when it came to signing the Schuman Plan, neither state would be prepared to abandon its position on the Saar question. As you know, the French and German Governments have differing views in this matter. The French Government holds the present situation in the Saar territory to be legally secure: the German Government thinks the opposite. Both governments are however agreed that the status of the Saar should be finally determined in the Peace Treaty.

The second premise was that we wanted the Schuman Plan, as did the French Government also; or to put it another way that we were at all events of the opinion that the existing difference of view concerning the

Saar's present status, which for the time being could not be overcome, was no reason not to go ahead with the Schuman Plan. We, the two governments, found ourselves in the role of two parties to a legal action who are disputing a particular issue. The Court has not yet handed down its judgment, in our case the Peace Treaty, but that judgment is expected in the future. It is now the parties' intention to work together on a very large and important new enterprise. They decide to let the dispute rest for the time being, that is, to leave the disputed issue untouched, but proceed with that major undertaking.

The third precondition was that the Saar territory should fall within the geographical scope of the Schuman Plan. The two governments were in agreement on this point.

Hence the solution which can be found in Article 79 of the Treaty and in the exchange of letters mentioned there concerning the Saar territory. That Article states: this Treaty shall apply to the European territories of the High Contracting Parties and also to European territories for whose external relations a signatory State is 'responsible'. This formulation is no more than a statement of fact. It states further that, as regards the Saar, reference is made to the exchange of letters annexed to the Treaty. The point is made repeatedly in that exchange that we do not recognise the Saar's present status but that we are in agreement with the French Government that final settlement should be achieved through a Peace Treaty or similar instrument. The French Government not only takes note of this declaration but declares, for its part, that it does not regard the Federal Government's signature of the Treaty as any form of acknowledgment of the current status of the Saar; the French Government states furthermore its agreement that final settlement must be by means of the Peace Treaty.

The question of representation of the Saar in the organs of the European Community did not arise in relation to the Council of Ministers, in so far as the Council operates on a collegial basis, which is to say there is no fixed assignment of particular votes to particular geographical areas. The issue of representation of the Saar population was posed only with regard to the Common Assembly. There are, theoretically, four possible approaches, one of which, that of according the Saar population no representation whatever in the Assembly, has to be ruled out as undemocratic. Theoretically, then, that leaves three options. One would be to give the Saar population seats in addition to those allocated to the Member States. This we could not agree to as it would have implied recognition of quasi-statehood for the Saar. The third and fourth possibilities were for either Germany or France to count the Saar delegates against its quota. This France has done, as you know. I believe I can say this represents, all in all, a fair treatment of the problem.

I make that point explicitly because the accusation has, regrettably, been voiced that the French Government was following here its own self-seeking agenda.

That is what there is to be said about the Saar territory in so far as it impinges upon the Schuman Plan itself. That is not quite the same thing as asking whether the Saar question is in any way affected by the Schuman Plan. We are convinced there is an impact and that the impact is positive. The Saar falling within the territorial scope of the Treaty, Saar coal and steel are now europeanised in just the same way as the other countries' coal and steel and thus acquire free access to all participating states, including France; this should clear up at least that part of the conflict. I believe moreover that, thanks to the Schuman Plan, the manner in which the Saar question is addressed in the future will also change, in so far as the approach that is taken must be shaped in part by the fact that we have now come together to construct a higher European Community.

3. This takes me then to the broader political significance of this undertaking. That significance resides first of all, if I may progress from the particular to the general, in its contribution to the work of healing and developing our relationship with France. In this sense the most important point is the following: if this Treaty comes into force, armed conflict between the two countries will not only be outlawed in words, it will become a virtual impossibility. This is something I would like to bring home to all those who, as they now consider this undertaking, are talking bottom line and statistics, are totting up the gains and the concessions. Surely securing the peace is a gain that outweighs any bottom line. This is a thing of which the German delegation never lost sight, and it certainly had ample opportunity as it journeyed back and forth between Bonn and Paris to survey the never-ending killing fields and cemeteries of Verdun. We are not dreamers. As

I have already said, peoples remain as historical realities. And they do of course retain their own interests.

We will, with our Treaty, cause neither the peoples nor their interests to disappear. But what we can do is organise the commonality of interests, reconcile opposing interests to the extent possible and, where this is not possible, devise a dignified, civilised, peaceable means of dealing with such conflicts, thereby enabling the two peoples to live together unencumbered by the risks which have proved so baneful for their destinies.

I greatly regret that we have such difficulty in arriving at a fair assessment of the political aspects of this matter, a difficulty very deeply rooted in an unwillingness to acknowledge this undertaking as an honest endeavour by all the partners. An explanation for this tendency is perhaps to be found in the recent history of our people and for that reason also we should perhaps show a measure of patience towards reactions of that kind. We are a people which, for ten years and more, has been locked in and has forgotten how to live together with other peoples. If people could only grasp the very real need shared by all the nations of Europe to live in peace, peace within a social order which leaves each state its dignity, but which at the same time furnishes the security which no civilised state and indeed no civilised person can do without if they are to enjoy a decent existence! It is therefore my hope and wish that the defensive reaction, which threatens to become a national persecution complex, can be overcome in favour of a readiness to accept as fair and just what is contained in this Treaty. For what the Treaty says is what those who signed it, those vested with their countries' political leadership, meant to say: nothing more and nothing less. A policy consisting in a one-sided exercise of power against Germany would not in any way be an application of the Treaty but rather an infringement thereof, and we have incorporated every imaginable safeguard against Treaty infringements.

This brings me to a further aspect. The business of creating the European Coal and Steel Community is more than just a European issue. You are of course aware of the great interest which this undertaking has aroused beyond the frontiers of Europe, and particularly in America. I shall refrain from engaging in a psychological analysis of why America is so fascinated with what we are doing, though I have to say that we, the modest toilers at the coalface, were at times amazed by that fascination. One factor is certainly that what we are doing is new, breaks the routine and leaves the beaten path behind. And another is certainly the sheer scale of the thing. It is bigger than anything we have hitherto seen in Europe: a market of 150 or 160 million people!

There can be no doubt that if this undertaking failed to materialise the disappointment would be enormous, and that disappointment would be expressed in a very tangible way. So I am not so sure whether the critics of our undertaking would all be ready, when faced with the real decision, to assume responsibility for its failure. In 1927 or 1928 a German-Spanish commercial treaty was negotiated which included something to do with wine imports, and this gave rise to a lot of agitation among the wine-producers of Württemberg. They, and the Württemberg Government along with them, would very much like to have objected. But the responsibility for bringing the entire agreement crashing down was rather a heavy one, and so one day the Württemberg Government sent its plenipotentiary at the regional chamber, the Reichsrat in Berlin, a classic telegram saying: 'Refuse if adoption secure!' I sometimes have the feeling that some of the criticism we have heard is expressed in the certainty that this undertaking will in fact go ahead. I have, it is true, no doubt that the Treaty will be ratified. Quite naturally, however, we should like that to happen with the broadest possible acceptance in all layers of society and all parties. It is at all events clear to all those who think freely, who think progressively, who think like Europeans, that the world, and this includes the world outside Europe, will not allow this Europe to become entangled in a situation such as prevailed in the Balkans before the war, one in which Europe would be in constant danger of collapse, riven by conflicts which could set the whole world on fire.

In the final instance, of course, our responsibility in taking the decision required of us today is towards ourselves, that is, towards our people. The Federal Government, which from the outset, as you know, adopted a positive stance towards this collective endeavour and at every stage gave it the most vigorous support, was in so doing confident that it enjoyed a corresponding mandate under the Basic Law. You are certainly familiar with the Article in the Basic Law which has, since the Federal Republic came into being, provided for elements of sovereignty to be ceded to supranational communities. As you likewise are aware, that mandate was solemnly reaffirmed a year or so ago in that well-known, unanimous Bundestag

Resolution calling for a European federal pact. The Federal Government has been acting in pursuance of that mandate.

I spent some time in Switzerland over Christmas and, as I was coming out of the little church in Arosa on one of the days, I caught sight of an inscription on one of the austere walls of this diminutive House of God. The text was by Zwingli:

‘In Heaven’s name, do something brave!’

That is the spirit in which I believe this great work should be undertaken, by young people in particular, for they are to be its recipients. ‘Do something!’ Abjure shameful passivity! ‘Do something brave’, something which calls for courage! For it takes more than a little courage to venture into unknown territory, to place our trust in development, to have faith too in our own ability to help guide that development in the right direction. ‘Do it in Heaven’s name!’ Do so not as a tactic that would enable Germany to struggle free of the fetters that still constrain us, nor as a route to possible dividends, but because the work we have in hand is part of the continuing ascent of man.