

‘The Franco-German industrial pool’ from Le Figaro (6 June 1950)

Caption: In an article published in the French daily newspaper Le Figaro on 6 June 1950, philosopher Raymond Aron speculates on the economic and political issues surrounding the plan for a coal and steel pool.

Source: The National Archives of the United Kingdom, [s.l.], Kew, Richmond, Surrey, TW9 4DU.

<http://www.nationalarchives.gov.uk/>, Records created or inherited by the National Coal Board, and of related bodies, COAL. The Board and the Schuman plan, 1950 May-1951 June, COAL 31/81.

Le Figaro. 06.06.1950, n° 1785. Paris.

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The Franco-German industrial pool (24 May 1950)

(The object of this article, which is the first of two, appears to be to ask a number of leading questions about the Schuman Plan. The implication is that it can be justified more easily on political than on economic grounds).

General

1. The Schuman Plan has created a considerable sensation in Western Europe. It has appeared as a solemn offer of reconciliation made by France to Germany. At the same time it has seemed to be a proposal for European unity which is at once spectacular and capable of realisation. Its success would transform the European scene; its failure would be seriously disheartening.
2. Enthusiasm for the plan has tended to be restrained in the coal and steel industries of the two countries. This is possibly due to the fear that the State may extend its control over industries of which certain parts are still under private ownership. Furthermore, the industrialists may fear the intervention of a planning organisation which would have the power to determine the policy for prices and investments. These considerations no doubt partly explain the reticence of the leaders of the coal and steel industries on both sides of the Rhine, but it would be wrong to ignore what is probably the main reason for their attitude: basically they are probably not convinced that the plan, in the grandiose form in which it has been presented, is in fact a practical possibility in the near future.

Coal

3. What are the factors which determine the cost of coal? Essentially there are 4 factors; geological conditions, mining methods, wage levels, and the efforts put in by the workers. The French Plan would apparently aim at the general equalisation of wages and of efficiency in mining methods, so that differences in costs would henceforth depend essentially upon variations in natural or geological conditions.
4. Is it possible to equalise wages and working conditions? In theory, in the case of two distinct national economies, the level of wages within each of them is proportionate to the average output per worker. But if a particular industry in one country is compared with that in another, it is possible that wages would be found to be higher in the industry where productivity was lower and vice versa. This apparent paradox would be accounted for by the general economic state of the country. For example, the general impoverishment of Germany has meant that wages have been fixed below the point that would normally be determined by the level of industrial output. The least that can be said, before detailed study, is that the attempt to mould similar industries within different countries into the same pattern involves considerable difficulties and will take time. Indeed, complete equality of conditions is probably neither possible nor necessary. It is sufficient that differences in conditions of production and therefore in costs should not exceed a certain limit.
5. If the attempt is made to bring about a single price for coal in a short time in order to put the steel industries on a footing of equality, some sort of price equalisation fund will be unavoidable. As a first step the Germans (and in due course the British) would be asked to give up dual prices and differential transport rates. The French for their part would probably abandon the exploitation of certain unproductive pits which add excessively to the average costs of the industry. The price equalisation fund would then be used to eliminate the remaining differences. Agreement on these lines would have a political rather than an economic character. It would imply the sacrifice of certain national advantages for the benefit of Western Europe as a whole.

Steel

6. The factors which determine price differences in steel are similar to those which apply to coal, with the exception that the geographical position of the steel works in relation to their sources of raw material should be substituted for geological conditions in the mines. Nevertheless the problem of devising a rational plan for the European steel industry is subject to much greater uncertainties than in the case of coal. A steel cartel

of a restrictive nature could easily be re-established. The French and German steelmasters have been used to reserve for themselves their respective national markets and to share export markets. The Schuman Plan, however, envisages an entirely different type of agreement, of which the aims would be to create a single market and to rationalize methods of production. The means by which these aims are to be achieved are still obscure.

The International Authority

7. Everything depends upon the functions of the proposed International Authority. Will its object be to maintain competition and simply to bring together to a reasonable degree the costs of the different industries, or will it be its object to plan a division of the means of production? In other words is the intention to create a single market in Europe in which different producers can compete freely or is it to plan European heavy industry on an authoritarian basis?

8. It is difficult, on present information, to decide which of these interpretations is correct. It is possible that the French Planning Office, who have been responsible for initiating the project, have in mind some sort of a compromise. The intention might not be to draw up a completely new plan for the European coal and steel industries, but to develop a reasonable coordination on the basis of conditions in the different industries. Total production might be shared out between the industries and the level of investments in each of them fixed by common agreement, but sufficient freedom might be left within the industries to stimulate initiative and progress. If this interpretation is correct it may be that the French aim is to apply on a European scale the experience of planning which has already been undertaken in France. French economic planning has in many ways been successful but there have also been some mistakes. These might be all the more costly if made in a wider field.

9. Governments, anxious to preserve the sovereignty of their states, have refused up to now to co-ordinate their national plans and industrialists, concerned about their vested interests, have impeded the move towards the liberalisation of trade. The Schuman Plan attempts to overcome this reluctance on the part both of Governments and of industries. It envisages the creation of a single market by means of an international directing authority limited to one sector of industrial activity. This idea certainly has its attractions, but it may well be asked what reason there is for assuming that the dual obstacle of Governments and private interests, which has so far prevented attempts at co-ordination, will be overcome in this more limited field.