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Statement by Mr Robert Schuman, Minister of Foreign Affairs of France to the Consultative Assembly on the proposals of the French Government, dated 9th May 1950, relative to the international control of the production of coal and steel

Communication

1.

You have done me the honour of asking me to give an account in broad outline of the Proposal put forward by the French Government on 9th May last. This account will be strictly objective and will avoid anything of a polemical character.

It will not commit the Committee of Ministers

I am speaking on behalf of the French Government. But you are already aware that studies of our Proposal and negotiations based upon it are now in progress between the representatives of seven countries. I am therefore in a position to inform you, if not of the final conclusions reached, at least of the horizons opened by these conventions.

You already know the main points of our Proposal : a Treaty, signed by the participating countries and ratified by their parliaments, is to place all coal and steel undertakings under a common Authority. This Authority will lay down general rules to ensure the rapid creation of a single market for these products, without quantitative or tariff restrictions. The Authority will see that these rules are applied, and at the same time that production is expanded while prices are kept as low as possible. These are our aims.

This system presents therefore, two essential characteristics : an independent Authority, and the single market. Let us examine these in turn.

What will this Authority be?

Let us first say what it will not be — at least in the view of the French Government. It will not be a Committee of Ministers or of Delegates of Ministers, the members of which would have the duty of defending the national interests of their own countries, in pursuance of definite instructions and subject to the permanent supervision of the different Governments.

With this clash of national interests, this search for compromises and mutual concessions obtained with more or less difficulty, we are already familiar. We are well acquainted with them because, up till now, such has been our practice in all the international institutions that exist to-day as much as in those grouped about U. N. O. as those of a regional or European character. There unanimity is the rule. Your Assembly represented the first effort to be made outside and beyond this tradition; but it is only consultative and so far lacks any power of decision.



The common authority will be a body representing neither management nor any other single private interest or group of interests. It will therefore be no cartel, neither the organ of an industrial alliance nor a movement of syndical defence. The authority will have the task of preserving the whole complex of interests of all the associated countries, those of the consumer as much as of the producer, those of the workers no less than those of the management.

The authority will not be purely and simply a Committee or a board of directors. It will be an institution that is autonomous and, in consequence, has its own responsibilities. The signatory parties to the Treaty will, with certain guarantees, submit to the authority that they will have set up. In spite of its contractual origin, the authority will exercise its powers by a free appreciation of needs and possibilities, but always within the limits of its Charter. It will itself only be subordinated to the objectives specified and the rulings arising therefrom. The Authority thus set up will be the first example of an independent supra-national institution.

The Authority will be invested with powers which will have to be strictly defined by the Treaty. Their nature and importance will be determined strictly in accordance with the proposed aim : the establishment and maintenance of a single market. Certain participating States will be abandoning some sovereignty in favour of the common Authority, a fusion or pooling of powers already being exercised or likely to be exercised by the Government. Such a prospect gives rise in some quarters to apprehension or indeed provokes a refusal in principle to accept, in other quarters it evokes enthusiasm. You will allow me perhaps to observe that I fall into neither of these categories.

As far as I am concerned I accept the principle of a renunciation of sovereign rights not for its own sake alone, not as an end in itself, but as a necessity, as the sole means at our disposal for overcoming national selfishness, the antagonism and narrow-mindedness that are death to us.

Thus the participating nations will in advance accept the notion of submission to the Authority that they will have set up and within such limits as they themselves will have fixed. The essential object of the Treaty will be to determine both the terms of reference and the competence of the Authority.

Firms will retain their present proprietors; in this respect the national law will remain entirely untrammelled. The owner will remain quite free to organise his business, to draw profits from his own personal skill, from any natural advantages he enjoys, and from the general combination of circumstances in which he finds himself, all this within the framework of the rules which the existence of a single market and the consequent discipline that this entails, will impose on him. Healthy and loyal competition will be not only permitted but welcomed.

Nothing could be farther from the truth than to think that the system we are commending would end in one gigantic controlled economy. On the contrary, there will be every call for the spirit of enterprise freed from the fetters imposed on it to-day by undesirable or dishonest practices. Neither is there any question of superimposing a new bureaucracy on commercial undertakings. The Authority will be making every endeavour to evolve general conceptions inspired by collective interest and checked as time goes on in the light of experience and events.

The Authority will have no political attributions. Its task will be exclusively economic. Its sole preoccupation must be the development of productivity in the industry and the raising of the standard of living. The aim is to produce and sell the greatest possible amount of coal and steel at the lowest possible prices.

The use of these products, however, will not be the business, of the Authority. Questions of armament, for example, will remain outside its province. The manufacture of war material will no doubt entail rather large orders, and will provide rather easy markets; but in this respect, the Authority will have no power of decision or initiative. Its only task will be to provide coal and steel in sufficient quantities and at the best rates.

If the Authority's powers are not in essence political, its decisions are nevertheless capable of having political influence, of having repercussions, beyond the firms under its direction, upon the social and economic situation of the country, and of calling into question the principles which guide the general policy of Governments.

From the opposite angle positions adopted in other fields may have very great consequences regarding the production of coal and steel.

An indispensable element then, is the harmonisation of the action of the common Authority with that of Governments responsible for general policy.

By its attitude towards prices, for instance, and that will be its main concern, the « Coal-Steel » Authority will have an influence, willy-nilly, upon other prices, upon wages, upon the labour market and upon the general availability of man-power. Decisions relative to Coal and Steel alone will have to take their place within the

general framework of general economic policy. Governments cannot afford to remain indifferent to decisions which might well seriously upset the whole economic equilibrium or the social stability of the country. Safeguards and precautions will be needed, which, without bringing up the question of the transfer of sovereign power, contrive to avoid or to control conflicts between the different authorities involved. The political authorities, which have the task and the responsibility of maintaining public order in a country, may have to preserve it against the dangers of any decisions which might be taken by the Authority within the limits of its own power, and which might have serious repercussions outside the sphere for which the Authority itself assumes responsibility.

By organising a permanent contact between Governments and the Authority, for information and reciprocal consultation, we shall be able to avoid many pitfalls and prevent serious disagreements.

From what has been said, one conclusion should be drawn : the Authority cannot be completely independent. We shall have to visualise, and from the outset we have visualised precautionary measures, to be taken in the interests of the social and economic structure of the countries concerned. The greatest safeguard, and the essential condition, will be an exact definition of the powers of the Authority. The latter will have to be given all necessary powers for a wise administration of the production of Coal and Steel. It must have no other powers. The Treaty must, therefore, define its powers as clearly as possible, without ambiguity or confusion.

Above all, we shall have to set clear limits to the objects we wish to achieve : the creation of a single market for Coal and Steel, their free circulation within that market, and the suppression of all unhealthy or artificially-formented competition.

These aims cannot be achieved unless the production within participating countries is undertaken in conditions which, if not identical, are at least comparable. To this end it will be necessary to eliminate, gradually, the disparities between the cost prices and the cost of transport; to do away with all dumping and discrimination. There will be an opportunity of rapidly undertaking the progressive harmonisation of wages and of social, fiscal and financial charges in the matter of transport. Obviously, there would be no question of entrusting to the Authority itself any power of legislation or regulation, which can only appertain to political organs. At any rate it will be necessary to insure that the Authority has the means of achieving the desired result, thanks to the undertakings signed by the Governments and a constant and confident co-operation between the Authority and the political powers.

We can calculate without difficulty the complexity of these problems which will arise every time an economic integration or unification is undertaken. Moreover, it is not necessary to seek for uniformity in all respects between the social and economic legislation—this would be both useless and impossible. It will be sufficient to establish an overall balance of the burdens which production has to bear. Moreover, this will only be reached by stages and by proceeding cautiously. Since the national Parliaments will be associated with this work, we need not fear precipitate action. In no case will workers' standards of living be lowered; this is an absolute rule which we laid down among our basic principles from the first.

Against the inequalities of Nature, on the other hand, we can do nothing. Nobody can make poor deposits rich. On the other hand, what will be both possible and necessary is to proceed in accordance with the general scheme, to a new division of tasks, specialisation, the avoidance of duplication of employment, the bringing together of companies doing complementary work. The action of the Authority, on these points, will essentially be of a persuasive nature.

In all this, we must constantly keep in view the maintenance of full employment, without any large-scale displacement of man-power. Since these structural reforms are to be elaborated and to become operative within a vast framework, extremely diverse in resources, they will be realised more easily than they would be within the narrow limits of national frontiers.

Such a rational re-organisation will furthermore be made easier by the creation of equalisation, re-conversion or adjustment funds. Such funds will be supplied with amounts derived from the sum total of the joint production. The enhancement of production is indeed in the general interest, and will be beneficial to all enterprises, even to those which are most favourably situated.

The governments will, no doubt, also have to contribute to this effort of re-organisation. They will not refuse to do so, for they will understand that such an effort of solidarity makes it possible, at the lowest cost, to introduce reforms which will one day be inevitable, and which would prove a terrible burden, were they to be undertaken with purely national resources.

Such a programme presupposes much clear thinking and great courage. We should be wrong to close our eyes to, or to minimise, the risks involved. But it would also be a mistake to believe that these difficulties would be the result of our Plan. They are even to-day latent and even sometimes obvious. It will be by the establishment in action of a supranational solidarity that the respective associated countries will find solutions which will prove to be less onerous and more rational.

It is still too early in the day to establish a detailed programme of reforms. That will be the business of the Authority, which will first of all undertake preliminary investigations such as have never yet been undertaken on the international plane. It is true that present-day inconsistencies and the increasingly menacing disorder of our European production have been pointed out. But so far it has not been possible to undertake any reorganisation outside the national plane. The mere fact of the existence of a supranational Directorate will open up new horizons. Without being beguiled into excesses in rationalisation, in blind disregard of social and political considerations, this Directorate will advance by easy stages, making progressive improvements which are impracticable under the present system of water tight compartments.

The very amplitude of these aims makes us overwhelmingly aware of the essential importance of the selection of the men on whom such a task will devolve. They will have to take into account all the problems and situations as a whole. They must not act within the Authority, as the defenders of particular interests, of national or class interests. True, the Authority will not be entitled to neglect such interests; it will have to reconcile them with the collective interests. The collective interests are identified with the prosperity of all the associated national economies but the latter, for their part, will have to accept the principle- and reality of a common discipline, of a rational co-ordination which is a condition of their own improvement just as much as that of collective prosperity.

These ideas of solidarity, of the common good, of the pooling of resources and efforts could find no place in discussions held during the war. Now we accept them, now we proclaim them, in this time of international tension, as elements in the organisation of our common defence. With all speed and more completely than in the past they will have to take shape and form in our economic relations.

These principles do not exclude, on the contrary they demand, guarantees against mistakes or possible abuse, they require, when it comes to operation, progress by stages and the taking of all necessary precautions. Circumspection and prudence are necessary, but not to such an extent that they paralyse the reforms that we recognise as essential and deprive them of substance.

We shall have to convince those sceptics who have an eye only for the risks and who consider—and that is where they are wrong—that to do nothing is the course that involves the least risks. . We shall have to contend, further, with the defenders of political prerogatives. On many occasions I have had the opportunity to indicate our desire to respect the functions and responsibilities of public authorities. It will be our constant task to distinguish and separate powers of various kinds. Thus we are convinced that in the field of economic activity the political powers should exercise no more than a general supervision, and should not assume responsibility for actual concrete decisions. The crux of the question is to establish a judicious balance between the powers and Authorities in question* In our opinion it would be for the political power to define ultimate aims, to set up statutory organs, to determine their functions, to supervise the use made of any powers conferred, to act even in a preventive sense by giving indications or warnings to the competent Authority. On the other hand political organs are not competent to carry on the administration proper, to draw up production, investment, or equipment programmes, or to lay down the rules governing prices. Their rôle will be that of a supervisor, perpetually vigilant and concerned to ensure, to impose if necessary, the observance of a general policy of wellbeing, of full employment and social justice. To this end, and only to this . end, should Governments be given the power to make appeal to the courts against decisions which would seriously compromise the general interests of their country. A Committee of Ministers would maintain permanent contact with the Authority so that at all times the needs of general policy are appreciated and taken into due consideration

In order to safeguard the vital interests of firms and workers, the representatives of private interests will be recognised as possessing similar lights. . Permanent advisory organs consisting of employees, employers and technicians, will help the Authority to draw up plans and to prepare and execute decisions. Furthermore, an independent international judicial body will give judgement in cases where proceedings are instituted for grave breaches of the regulations or the principles set out in the Statute.

Finally, it is proposed to provide a supreme sanction applicable against the administration as a whole, and not merely in regard to a single decision. It will appertain to a Supranational Political Assembly to pronounce this sanction, at the conclusion of a discussion which it will hold on the Annual Reports submitted by the Authority. That Assembly will have power to approve or reject this Report. In the latter case, if a sufficient majority withholds its approval from the Authority, that body will resign and will be entirely replaced.

This system of interlocking safeguards is susceptible of a number of variants, - on which the participating governments and parliaments will have to decide. During the Debate that is to be held on the principles and general structure of the system proposed, the Consultative Assembly will doubtless wish to give its opinion, on such points as the possibilities of its associating itself with the implementation and operation of this first European Institution to be endowed with effective powers. The final form of the relations between the Consultative Assembly and the Authority cannot however be settled until the powers of the Authority have been defined and the essential provisions of the Treaty made known.

These are the facts that I have been able to communicate to you in the present state of negotiations. Negotiations were only started on 20th June. A large amount of work of technical and legal nature still remains to be done; on many small points doubts may be felt as to which of several possible solutions should be followed. But agreement has been reached and maintained on all the essential points.

Moreover, complete latitude has been given to the experts so that they may be encouraged to investigate every possibility, to examine every eventuality, before the governments and parliaments are in their turn called upon to decide.

It is a pleasure for me to pay tribute to the remarkable spirit of co-operation displayed by the delegations associated with this work. The Authority and its Charter will thus become a common achievement.

What I have had the honour of setting before you is, in fact, the framework of this structure, whose characteristics will assign to it a place apart from anything that has hitherto been accomplished.

The countries associated in these negotiations have indeed set their feet on a new road. ' They are convinced that, without indeed renouncing traditional formulas, the moment has come to attempt for the first time the experiment of a supranational Authority which shall not be simply a combination or conciliation of national powers.

Your Assembly, I repeat, is itself, though not a wholly satisfactory creation, at least the herald of such a European Authority, with very vast plans and possibilities, but still hazy in its outlines, bereft of effective means of action. The French proposal, for its part, is content with a much narrower field of action; but it wishes to rest on solid foundations, and to be endowed with such a structure that we may at last have the hope of leaving the realms of the symbolic and entering those of reality.

Public opinion among our peoples has not misunderstood the import of this initiative; witness the stir which it aroused, from the very outset, in all countries, in all the political parties which are working for a peaceful reform of our institutions, in all social and economic circles. The interest that was thus awakened has persisted for three months, in spite of so many other matters of grave concern. This is not due to simple curiosity, nor to sympathy for a principle, but to a tenacious hope and will to succeed.

What we have thus observed confirms our conviction that we have given an answer to a common aspiration of the free European peoples; to their desire for a closer association, not only for defence but for the constructive tasks of peace. We are convinced that from this experimental boring will gush a stream of unexploited energy, whose existence we suspected, whose activity we hoped for, but which prejudice and routine had so far prevented us from tapping. We must succeed in spite of the apprehensions of some people, in spite of the dangers that one or other of us may incur. Such risks are unimportant, in contrast to the certainty of insuperable crises which would inevitably result from a passive maintenance of the status quo.

Our boldness has already been rewarded. The very fact of having put forward and undertaken the examination of this reform has secured for us one immediate result : the political atmosphere, so dark in other climes, has been transformed in this part of Europe; hope is being reborn, antagonisms which were paralysing our efforts and fostering misunderstanding have been dissipated, giving place to a sincere desire for mutual understanding and for confident co-operating together in a joint enterprise. Henceforth, between Germany and France the dangers of tension and bloody conflict are eliminated. A decisive step towards reconciliation and peace has been taken without anyone else having legitimate reason to take offence.

But there is more to it than that : more than the rationalisation of these two key industries, more than the clearing of the political atmosphere, more than making a considerable contribution to peace. We are not being unduly presumptuous, we think, when we say that the proposal which has been put forward and accepted, if realised in the form in which it was put forward and accepted, contains potentialities which cannot yet be fully measured, but which will rapidly lead us on towards the economic and political unification of Europe.

France claims no monopoly in this initiative; others will play a useful part in it and supplement it. The plan evolved and submitted by M. Stikker in the name of the Dutch Government, for the reform of the O. E. E. C., follows along the same path; we will give it our full support.

As for the French Government, grateful as is to your Assembly for having been so good as to give careful consideration to this initiative of ours, I venture to hope that you will accord it your moral approbation, and even perhaps an effective support, which will be particularly valuable, giving thus the sanction of high authority to a decisive stage in the building up of Europe.

You will be joining thus in a concrete, constructive and lasting undertaking. You will be giving to our peoples plunged in anxiety, and whose alarm it is no wish of mine to see unjustifiably increased, the guarantee that there is here, side by side with our legitimate concern, for security, a spirit of hope, and a will to live and work in peace and for peace.