

Irrespective of the political implications of the Schuman Plan, its economic implications are far-reaching. It is an attempt to re-introduce international action akin to that taken by the international steel cartel before the war. Whatever be the theoretical merits of control—and especially for many industries like coal and iron—in adjusting prices to costs, Dalai Street operators need not be told what a cartel in practice means. They may not be experts in the economics of monopolies, but it will certainly not be news to them that monopolies and cartels tend to fashion themselves on restrictive models.

What It Means

Shipped of high-falutin, political and economic aims and objective?, the Schuman Plan, if finally adopted, will mean harnessing Europe's heavy industry to the Western Powers' efforts to speed up defence preparations. This is what America has been pushing and prodding Western Europe to do, ever since the flow of Marshall Aid dollars. The announcement of the Schuman Plan at this stage means that America has convinced Western Europe that without active

and joint exploitation of Europe's heavy industry, Western Powers cannot fulfil their military commitments under the Atlantic Pact without endangering their economy and standard of living.

On the assumption that this interpretation is substantially correct, it becomes apparent that Dalai Street's apprehensions about falling world steel prices and about the possible effects of the Schuman Plan are unwarranted. It is possible that the integration of French and German iron and coal industry may enable the Western European Powers to defray their defence preparations at reasonable costs. Put it is equally certain that the speeding up of such preparations should allay fears of dumping by the European steel industry.

Nearer home, prospects are not unduly gloomy. True, steel production is expanding; but the supply is still far short of demand. Besides, under the Indo-Pakistan trade pact, India will have to export steel to Pakistan. Also, the cotton textile industry should benefit from the trade pact, whereby its exports to Pakistan will be resumed; also, there are prospects that the industry may secure supplies of cotton from Pakistan.

American phrase).

But M. Bidault's plan is tame and quite ordinary when compared to that with which M. Schuman signalled his departure for the conference of Foreign Ministers in London. Announced on May 9, the main point of M. Schuman's plan was for the creation of an international authority to control Europe's coal and steel industries. Although he hoped Britain, Benelux and Italy would enter the scheme, the immediate objective was for the co-ordination of the industries in France and Germany, with a view to the modernisation of productive processes, the creation of a uniform price schedule for the French and German markets (and those of other participants), pooling of exports and standardising of labour conditions.

Dramatically timed and released without prior warning, the plan has caused a sensation in London—indeed, a variety of sensations, some apparently pleasant, some just the opposite. The *Daily Worker* fees behind it the hand of Mr. Acheson, who expressed surprise on hearing the news, though he had been in Paris only two days before. Their thesis is that, if Russia is to be effectively opposed in Western Europe, then it is essential to revive Germany, for, without German man-power and a German armament industry, opposition would be farcical. Yet, there has been strong opposition, both in France and Britain, towards any such revival, which would present a threat not only to French and British security, but also to their trade. Mr. Acheson, who badly needs a scoop to take back to the States with him, might well feel that here at last is a positive step towards Western European unity—and he has certainly stated that this is the sort of plan that the US government has had in mind for some time.

The British Government has given cautious approval to the scheme, but naturally require time to study its implications, as, indeed, do most people. One difficulty is that French coal mines would be able to compete with that from the Ruhr, while Germany is already well ahead in steel. It is only in the production of iron ore that France would have an economic bargaining counter. This would mean the surrender of much of France's heavy industry to Ger-

From the London End

Brainwaves From France

THE French are rich in nothing so much as ideas. From the 17th Century onwards, they poured out their intellectual riches in a never ending stream and gave the world new philosophies, new art and new jurisprudence. Before the first world war, it was fashionable, amongst intellectuals, to claim two homes—their own country and France. Then the French fell a prey to a sort of mental paralysis, whose symptom was a feverish searching after security. Rut, having some how derived fresh inspiration from their last ordeal of war, they are on top of their form once more, producing epoch-making ideas to a startled Europe.

M. Bidault set things going last month when, in a speech at Lyons, he proposed the formation of a "High Atlantic Peace Council"—

a subtle attempt to inveigle Britain into surrendering some of its jealously-guarded sovereignty by including the United States in a sort of superior Council of Europe. The British, in their present mood, are auspicious of anything Continental. Mr. Bevin, for instance, is quite typical when he associates the French not with Descartes or Baudelaire, but with naughty jokes, and this is an attitude of mind that is encouraged by those connected with the tourist trade. Americans, on the other hand, are regarded as eminently respectable—the wealthy cousin as opposed to the poor relation—so, while the British Government has resolutely resisted all attempts to surrender sovereignty to a European Assembly, it can be relied upon to be in anything that the Americans are in on (to use an

many which, should the arrangement subsequently break down, would leave her very much at the mercy of the Germans.

On the other hand, should other countries come in, the scheme might give them a certain control over their most dangerous competitor and even enable them to effectively invade the markets that have, so far, been dominated by the United States. Though some step such as this might be important in the cold war, as a preliminary to a hot one, it is difficult to see how it can find approval either in Britain or America, unless the latter two countries obtain a considerable degree of control in the organisation. Apart from in political content, it bears all the qualities of a cartel, this time given added durability by government backing.

Steel Surplus in 1953

There has been much talk of the revival of the steel cartel lately. After a false start in 1926, it was established on a firm basis during the depression of the thirties and embraced all the main producing countries. During the heavy rearmament that preceded the war and the war itself, the need for the cartel fell away, for the countries of the civilised world needed all the steel they could to hurl at each other. But now we are promised an unsaleable surplus as early as 1953 and efforts are already being made to counteract its effect on sales and prices. *The Financial Times* remarks, "It is hard to see how a system such as this can be made to fit in with the accepted American theory of proper commercial practice. Perhaps, after all, the main value of M. Schuman's initiative . . . is that it may make the Americans face the practical implications of their policy of European economic integration . . . this inevitably means, if it is to have any practical effect, agreements between combinations of national enterprises."

Is this, then, the signal for our re-entry into the era of "planned scarcities"? Nothing could be more fatal; to the campaign against Communism, yet there are strong forces working in this direction. Both M. Schuman's plan and that presented to the Anglo-American Textile Mission by the All-Japan

Cotton Spinners' Association have as their elements the division of markets, monopoly raising of price and "standardising" of working conditions. But the statesman of the United States and Western Europe will have to tread carefully; it is unlikely that the under-developed countries of the world would accept lightly plans to slow down their development by many years.

Japanese Goods Are Back

Japan is back on the European market. A friend recently returned

from Rome lent me her fountain pen to make a note. It was a beautiful Parker, but was leaking badly. "What can you expect?" she asked. "I only paid a pound for it." "A pound for a Parker pen?" I said. "How did you manage that?" "I thought it was a Parker too," she replied, "Until the man I'd bought it from had disappeared round a corner." I examined the pen more carefully. Then I saw the name was not Parker at all, but "Parher" and, in very tiny letters underneath were the words, "Made in Japan."

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