

‘Megalomania at the Schuman High Authority’ from La Libre Belgique (12 January 1953)

Caption: On 12 January 1953, the Belgian conservative daily newspaper La Libre Belgique publishes a critical article on the initial achievements of the High Authority of the ECSC.

Source: La Libre Belgique. 12.01.1953, n° 12; 70e année. Bruxelles: Société d'Édition des Journaux du Patriote. "La mégalomanie de la Haute Autorité Schuman", p. 1.

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Megalomania at the Schuman High Authority

The fundamental mistake made by the central planners in Luxembourg

As we reported earlier, on 10 January, the ‘High Authority’ of the European Coal and Steel Community submitted to the Strasbourg Assembly a progress report on its activities since its creation on 10 August the previous year. That report outlines the organisational policies that have been adopted and the guiding principles that the High Authority intends to follow.

At first sight, the report would seem very timely, just when very many countries are wondering about the initial practical implications of the imminent pooling of the coal and steel industries of those countries which are members of the Community. That slender volume has therefore been greeted with great interest, and we shall attempt to look at what clues can be gleaned from the report on this matter.

However, while not saying that everything is bad in the report, we do maintain that some crucial factors have been omitted and that little progress has been made in terms of the framework within which these industries are to operate. Indeed, apart from the actual omissions, there are some aspects included in the report which we would have preferred to see omitted.

In a nutshell, the developments dealt with in the report reflect a controlled and planned economy-based approach characteristic of the High Authority’s current President, Jean Monnet, but which do not reflect the position of those countries which signed the Treaty establishing the European Coal and Steel Community.

We are not saying that the report is all bad. Indeed, the proposed elimination of preferential transport tariffs on some coal and steel products is undeniably an important step forward. We are merely expressing the hope that the French Government will not find itself in a position where it is unable to comply with such measures and that protectionist shipping or port considerations shall not deter it from liberalising transport. Fierce opposition is to be expected from these quarters and, if arguments based on the public interest are not successful, at least an appeal will be made to a tradition which has been the mainstay of the policies of successive French governments.

The High Authority report sets out its vision of the organisation of the Community and confirms that the levy, which will soon stand at 0.9 % — some BEF 400 million for our nation — was required to underpin the High Authority’s budget. We have already pointed out that the High Authority did not require this levy to fund its budget. What is more, it does not need to use its resources until it knows exactly where it intends to allocate them.

However, the report refers to large-scale plans. Over the next four or five years, the High Authority is planning a total investment of between USD 1 thousand million and USD 1.3 thousand million (between BEF 50 thousand million and BEF 65 thousand million). Over a five-year period, total investment would stand at between BEF 250 and BEF 325 thousand million.

From the outset, it is obvious that the High Authority is indulging in megalomania, since such huge investment cannot be justified on economic grounds. Indeed, money should not be invested just for the sake of investment. Any investment must fulfil an economically useful purpose.

The report does indeed maintain that huge investment is required. It bases this contention on the fact that, since 1929, the coal and steel output of the six Community Member States has increased much more slowly than that of Russia or the United States.

In an attempt to correct this relative decline, the High Authority of the Schuman Plan has conceived a huge investment programme. However, such reasoning is fundamentally flawed. For this plan to be warranted, it would have to be proved that Europe had been outstripped by other countries because of a lack of investment. Nothing could be further from the truth.

What is the real reason behind this slower growth? Firstly, Europe used to be far ahead of Russia and the United States in terms of the production and use of steel. The European domestic market did not have the same scope for development as did those of more recently established countries, such as the United States, which still had enormous infrastructure requirements. Since domestic consumption has not increased, it is quite natural that output has followed suit.

This became even more inevitable given the fact that export markets for European production, and more especially that of the Belgo-Luxembourg Economic Union, have now dried up. Over the past 15 years, Belgium could have significantly increased its output, had it been able to find a market for it. The same may be said of France, while Germany is in a position to increase output quickly, using the measures it has at present, provided it improves them appropriately.

The architects of the Schuman Plan remain driven by a war and shortage-oriented agenda, whereby output at any cost is an absolute priority. However, time and time again, Europe's major problem has proved to be not to increase production capacity but rather how to use its current capacity and to set about selling its surplus production abroad.

With the exception of the war years and of the immediate post-war period, Europe has never experienced a steel shortage. If coal has sometimes been in short supply, that mainly resulted from the disruption caused by the war and its aftermath. Europe is easily able to meet its requirements, in particular given German expansion, without the need for any large-scale project. Indeed, we should not plan too far ahead at this stage, since the era of atomic energy is upon us, and any potential investment in the coal industry might one day prove pointless or, at the very least, out of proportion.

In our view, a further anomaly in the report is the plan to build 50 000 homes for the workers of both industries. Neighbouring countries are giving the impression that they intend to solve their overall housing problems at the expense of the European Coal and Steel Community. Belgium no longer requires many new homes for the employees of these two industries. Belgium does indeed have housing needs, but only in the areas of ongoing housing stock renewal and slum clearance. We no longer need the housing estates planned by the architects of the Schuman Plan. Funds which, to all intents and purposes, have been contributed by Belgium should not be used to finance housing schemes in other countries.

In its present state, the Schuman Plan is becoming a huge centrally controlled and planned system. That confirms all the concerns voiced when the issue was debated prior to the signing of the Treaty. In an attempt to reassure us, the Plan was presented as a supplementary and coordinating measure. However, it is now becoming clear that ambitions on a much grander scale are at work and that attempts are afoot to create an entirely centrally-planned Europe, starting with these two core industries.

Once again, it is becoming apparent that, as with Bretton Woods, we have committed ourselves rather rashly. However, we do not think that the Schuman Plan will survive if its architects continue to follow the current blueprint.

Calls are being made for the opening up of markets and the harmonisation of competition rules. Instead of a policy of centrally planned megalomania that the High Authority seems intent on committing us to, it would be more productive to accede to these demands in order to see where that would take us.