

## Note from the Walloon Economic Council (6 April 1951)

**Caption:** On 6 April 1951, in order to clear up any misunderstandings about the implications of the Schuman Plan for Belgium, the Walloon Economic Council clarifies the scope of some of the provisions of the draft Treaty establishing the European Coal and Steel Community.

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## Note on certain points in the Treaty establishing a European Coal and Steel Community and the Convention on the Transitional Provisions (6 April 1951)

From the outset, the main objectives of the Schuman Plan have been ‘the modernisation of production and the improvement of its quality; the supply of coal and steel on identical terms to the French and German markets, as well as to the markets of other member countries; the development in common of exports to other countries; the equalisation and improvement of the living conditions of workers in these industries’, as well as ‘the fusion of markets and the expansion of production’. (Extracts from Mr Robert Schuman’s declaration of 9 May.)

These objectives continued to be pursued when the draft Treaty and the draft Convention on the Transitional Provisions were being drawn up and are found in both of the documents that have just been initialled.

Nevertheless, mistaken understandings as to the scope of the Schuman Plan seem to have spread in this country, certainly arising out of ignorance of the exact wording of the Treaty. The Walloon Economic Council has therefore thought it necessary to clarify a number of points.

### I. The powers of the High Authority

a) It has been alleged that this institution will have dictatorial powers;

b) it has been insinuated that the future members of the High Authority will be generally incompetent and incapable of carrying out their assigned duties.

These rumours require clarification as follows:

a) Regarding the powers of the High Authority, it should be pointed out that in important cases, this body may take a decision only after securing, in advance, the opinion of the Council of Ministers and after consulting the Consultative Committee, which will consist of an equal number of producers from the coal and steel industries, workers in those industries, consumers and dealers.

In addition, it will be required to account for its management to an assembly of representatives from the parliaments of the participating countries.

There is therefore no need even to allude to the Court of Justice to see that the High Authority will work to democratic principles.

It is also worth noting that certain of the powers attributed to the High Authority, in particular the power to allocate production in the event of falling demand, relate to measures that industrialists themselves call for when they ask to be allowed to set up restrictive agreements.

The advantage of giving these powers to the High Authority is that the circumstances in which restrictive measures should be taken are perfectly clearly specified and that, as a consequence, a policy of this kind cannot be pursued permanently, as that would run counter to the aims of economic expansion that are pursued by the European Coal and Steel Community.

b) It is not altogether clear why the members of the High Authority — chosen for their economic skills and assisted by a Consultative Committee which will normally represent the general interest, since it will include, among others, representatives of consumers — could not oversee an expansion of the coal and steel industries by incorporating such an expansion into the development of European industry as a whole.

Governments concerned about the interests of their nations will certainly take care to select appropriate people for appointment to the High Authority.

### II. Production levels

It has been said that Belgium will be forced to reduce its coal output and that this reduction will be 3 % a year up to a maximum of 15 %, or 4 million tonnes on the basis of current output of 28 million tonnes.

What the Treaty actually says about the restrictions is this: <sup>(1)</sup>

‘It is agreed that net Belgian coal production:

— need not be reduced each year by more than 3 % as compared with the level of the preceding year if total Community production is the same or is above the level of the preceding year; or,

— if total Community production is below the level of the preceding year, need not be lower than the figure obtained by applying to the level of Belgian production in the preceding year less 3 % the same coefficient of decrease as that in total Community production.

‘The High Authority, as the body responsible for ensuring that the Community is kept regularly supplied, shall make an assessment of the long-term production and sales prospects and, after consulting the Consultative Committee and the Council, shall make to the Belgian Government, for as long as the Belgian market is insulated under paragraph 3 of this Article, <sup>(2)</sup> a recommendation as to the shifts in production levels that it finds possible on the basis of this assessment. The Belgian Government shall decide, in agreement with the High Authority, what arrangements are to be made to cause these possible shifts to come about within the limits defined above.’

Clearly, the actual wording of the initialled document, far from imposing on Belgium a production cut of a specific amount, in fact defines the maximum level of reduction that Belgium might be asked to bear. Very far from imposing a requirement to make a reduction, the Treaty is a safeguard clause for Belgian production.

It is also clear that restrictions can only be imposed with the agreement of the Council of Ministers, that the long-term coal and steel requirements of the six countries will first have to be taken into account, and that these requirements will of course have to be evaluated in the spirit of the economic expansion which is one of the essential aims of the Plan.

Belgium will not, therefore, be required to reduce its output, and if it can demonstrate that the Plan for reorganising and equipping its coal-mining sector can only be carried out in the most effective way by increasing output, the administration of the Schuman Plan will have to allow it to make that increase.

Everything will depend on the standard of the proposals that Belgium makes to the High Authority for its economic development and the rationalisation of its undertakings.

### **III. Possibilities for the granting of subsidies by Belgium**

It has been said that, after the transitional period, Belgium will be forced to close down large numbers of coal mines because these cannot be given subsidies by the Belgian Government to bridge the gap which may still exist between the single market price and Belgian producers’ costs. This is not the case.

The last text in the Convention on the Transitional Provisions reads as follows:

<sup>(3)</sup> ‘The integration thus provided for shall take place after consultation between the Belgian Government and the High Authority, which shall both determine the ways and means therefor; these may include allowing the Belgian Government, notwithstanding Article 4(c) of the Treaty, <sup>(4)</sup> to grant subsidies covering the extra operating costs due to the natural conditions of the coalfields,’ to a figure of 23.5 million tonnes. ‘The procedure for granting of subsidies and their maximum amount shall require the approval of the High Authority, which shall see to it that the maximum amount of subsidies and the tonnage subsidised are lowered as quickly as possible, taking into account the facilities for readaptation and the extension of the

common market to products other than coal and steel.

‘The High Authority shall every two years submit to the Council for approval proposals as to the tonnage which may be subsidised.’

Clearly, then, Belgium will, if the need arises, be able to give subsidies to its coal industry once the transitional period is over.

#### **IV. The position of Belgium at the end of the transitional period**

It has also been said that Belgium should be allowed to review its position after the transitional period, should the implementation of the measures provided for in the Plan be such as to provoke fundamental and persistent disturbances in the Belgian economy.

It appears that what is also meant is that the Treaty has not provided for a safeguard clause in respect of these fundamental disturbances. This is not the case.

Article 2 of the Treaty shows that its authors were well aware of the difficulties that could arise, as can be seen from the following:

‘The European Coal and Steel Community shall have as its task to contribute, in harmony with the general economy of the Member States and through the establishment of a common market as provided in Article 4, <sup>(5)</sup> to economic expansion, growth of employment and a rising standard of living in the Member States.

‘The Community shall progressively bring about conditions which will of themselves ensure the most rational distribution of production at the highest possible level of productivity, while safeguarding continuity of employment and taking care not to provoke fundamental and persistent disturbances in the economies of Member States.’

The authors also wished to provide for the means of coping with these difficulties, should they arise, and have therefore drawn up, for this purpose, Article 37 of the Treaty, which is quite explicit and reads as follows:

‘If a Member State considers that in a given case action or failure to act on the part of the High Authority is of such a nature as to provoke fundamental and persistent disturbances in its economy, it may raise the matter with the High Authority.

‘The High Authority, after consulting the Council, shall, if there are grounds for so doing, recognize the existence of such a situation and decide on the measures to be taken to end it, in accordance with the provisions of this Treaty, while at the same time safeguarding the essential interests of the Community.

‘When proceedings are instituted in the Court under this Article against such a decision or against an express or implied decision refusing to recognize the existence of the situation referred to above, it shall be for the Court to determine whether it is well founded.

‘If the Court declares the decision void, the High Authority shall, within the terms of the judgment of the Court, decide on the measures to be taken for the purposes indicated in the second paragraph of this Article.’

Consequently, since there is a clearly expressed determination to prevent fundamental disturbances, there is no need to fear making a long-term commitment, given that the situation that could have given grounds for withdrawing cannot arise.

It should also not be forgotten that the basic object of the Schuman Plan is, in the end, the Constitution of a European Entity, which is obviously irreconcilable with a wish on the part of any of its participants to

withdraw. The European ideal obviously cannot be treated as though it were a contract like a commercial treaty, for example.

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As soon as the Schuman Plan was announced, the Walloon Economic Council agreed to the proposal in principle.

This stance flowed logically from the positions adopted by the Walloon Economic Council since its inception.

As early as 1947, in its report to the Government, it wrote: 'The Rhine economy must, in the future, develop in harmony with the world economy: it will have to turn towards Western Europe.'

Furthermore, in a report on 'European Economic Policy' submitted to the Brussels Conference preparatory to the Westminster Congress of the European Movement, the Executive Director of the Walloon Economic Council wrote: 'The problem to be solved is that of seeking a new world economic balance. We could lay down as a principle that this new balance must be established at a level of production by all the countries of Europe considerably higher than the pre-war level. [...] This immense design requires the drawing-up of a general plan for the exploitation of natural assets and for industrialisation, and the establishment of an authority to ensure that the plan is carried out by all.'

These are the reasons why the Walloon Economic Council has felt justified in drawing up this note.

- (1) Treaty Article 26(1).
- (2) i.e. during the transitional period.
- (3) Article 26(4).
- (4) which prohibits government subsidies.
- (5) on abolishing obstacles to free competition on the market for coal and steel within the Community.