

'Implementation of the Schuman Plan' from La Libre Belgique (10 August 1952)


Caption: On 10 August 1952, in an article published in the Belgian daily newspaper La Libre Belgique, the Belgian economist Fernand Baudhuin considers the repercussions that the implementation of the European Coal and Steel Community (ECSC) may have on the country's industry.

Source: La Libre Belgique. 10.08.1952, n° 223; 69e année. Bruxelles: Edition de la Libre Belgique S.A. "La mise en action du Plan Schuman", auteur:Baudhuin, Fernand , p. 1.

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Implementation of the Schuman Plan

Its impact on Belgium

In Luxembourg, the Schuman Plan becomes operational as from today. Its executive bodies are now in place, and their members will meet with a view to addressing the initial problems posed by the establishment of the 'European Coal and Steel Community'.

As we have said before, it is an interesting experiment, but one that causes some concern, not to say a degree of scepticism. It has serious weaknesses that were revealed in most of the countries when the delegates to the High Authority were being nominated. Politics has assumed a particularly important role, and it is to be feared that it will continue to do so.

As far as Belgium is concerned, we have a strong representative, an expert in the problems faced by the coal industry. This leads us to hope that the interests of Belgium will be well defended and that central planning will be constrained to some extent.

Disregarding the formality and the diplomatic language that necessarily characterises the Treaty, how can one best describe the essence of the Schuman Plan? It aims to create a single market within which basic materials, such as coal and steel, will be produced and will move freely, influenced only by economic factors. Coal and steel will be produced where human effort is least, and they will be made available, on the best possible terms, to consumers who will be able to put them to the best possible use.

The idea is a good one, and it might well prove productive. Its aim is complete free trade, at least for important products within a significant geographical area. It will, however, come up against obstacles that were perhaps underestimated by the architects of the Plan and that will show their disastrous side as time goes on.

For Belgium, the primary issue is the fate of its own coal industry, which is worse off than that in other countries because the coal is of poor quality and difficult to mine.

The pessimists predict that competition from other countries in the 'Schuman Pool' will force Belgium to abandon many of its coal mines and sharply reduce its capacity. It is quite probable that some mines will be unable to withstand competition. What is more, the thickness of seams deemed worthy of mining will have to be upgraded.

Can Belgium survive this change? The answer would appear to be a matter of degree. We cannot afford to abandon too large a proportion of our coal reserves, but a reasonable shut-down of our unprofitable operations will be necessary. The question is whether, after shutting down the unprofitable mines, Belgium will be reasonably able to meet its own requirements, should it have to do so.

Belgium also has the problem of wage levels. This problem will probably be resolved in due course, but the same cannot be said for the nature of our coal deposits. A further cause for concern is the disappointing and deeply worrying absence of any increase in output in Belgian coal mines, despite the enthusiastic re-equipment that has been taking place over the last three years.

In other countries, such as France, the risks inherent in the Schuman Plan are slightly different. To begin with, decisions have to be made about closing too many unproductive coal mines. The problem is not as acute as in Belgium, but it does exist. Then there is the case of the French steel industry, which is liable to be destroyed by German competition. Of course, the extensive retooling that has been taking place thanks to the Marshall Plan is very helpful, but the risks are still there.

The first step that will now follow is the abolition of customs duties, on the products involved, between the countries of the Schuman Pool, i.e. Belgium, France, Germany, Italy, Luxembourg and the Netherlands. These customs duties are not very restrictive at the moment, because steel is in short supply, but they might

become so. Incidentally, it should be noted that the price of coal may be higher in Belgium, while the price of steel is lower. Accordingly, when Belgium exports steel, which it does at the moment to both the Netherlands and to Germany, it does so at prices higher than the internal market price, which is not high enough to cover the operating costs of the Belgian steel industry.

It is very likely that the High Authority will try, in the coal industry as well as the steel industry, to avoid sudden price rises and that it will incorporate a sufficient number of safeguards to prevent certain markets from being flooded with imports. At all events, this is the only way in which the Schuman Plan will survive: if it caused sudden closures in mines or factories in any country, the economic and social consequences would be such that its very aim would be undermined.

It also remains to be seen whether the burden of the administrative machinery of the Schuman Plan will not reduce the efficiency of the organisation. Initially, a total staff of 500 was envisaged for the High Authority, but this now seems far too low. Previously, provision was made for three working languages, but now a fourth has been added, which means that more translators and officials familiar with that language are necessary. All this will not only entail extra costs, it may also lead to paralysis, or, at the very least, to a slowing down of the decision-making process.

However, the main threat to the Schuman Plan is political, not economic or even administrative. The example of what happened in Paris when the seat of the High Authority was being selected is both disappointing and a cause for concern. If things were to continue in this way, the Schuman Plan would be bound to fail, and it would be better not to trust it and even not to be a part of it.

Nevertheless, since there is a chance of success, each Member State, especially Belgium, must try its best to ensure that the opportunities are taken rather than let the risks materialise. It is with this in mind that we must try and make the Plan run smoothly, trusting to the dynamism of the nation to overcome any difficulties and bearing in mind the inevitable consequences if the Plan failed to attain its objectives.

The Treaty has been signed for a period of 50 years, but this is obviously more of an intent than a certainty. We should remember that this is an international treaty that, according to case-law, may be revised, should circumstances change. An international agreement is valid only if the situation does not change significantly. The Pool will endure only if it gives satisfaction: no country will continue to abide by it if it results in disastrous consequences for the country.

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