

'The Schuman Plan: reservations and prospects' from Libertà (9 September 1950)

Caption: On 9 September 1950, the Italian newspaper Liberta recounts the difficulties encountered during the Schuman Plan negotiations for the organisation of a future European Coal and Steel Community (ECSC).

Source: Libertà. 09.09.1950. [s.l.]. "Riserve e prospettive del piano Schuman", auteur:Cittone, Davide.

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The Schuman Plan: reservations and prospects

Over the past few days, the agencies have been feeding us with news on the work of the experts from the six countries taking part in the Schuman Plan. We have learned that the delegates' conference has been split into five committees, of which the first, concerned with constitutional issues, already seems to have reached a substantial level of agreement among its members.

Our readers will recall that one of the most controversial points, the main one on which Great Britain refused its participation, relates to the High Authority which is reputedly to administer the Plan. It transpires that the committee given the task of studying this subject has drafted a preliminary report proposing the creation of four bodies for the management of the Plan: (1) the High Authority, to consist of six to nine members, nominated collectively by all the participating governments based on their individual ability and competence rather than their nationality; (2) a general assembly of delegates from national parliaments whose task it will be to examine the High Authority's annual report and which will have the power to reject it and thereafter to replace the members of the High Authority, but not to interfere in its everyday management; (3) a Council of Ministers, as yet without clearly defined powers (although we already know that it will not have controlling power over the High Authority, only the power to recommend that specific issues be considered or particular solutions be adopted); (4) a Court with the task of ensuring that the High Authority abides by the terms of the treaty.

As was expected, therefore, the participating nations have seen it as necessary to focus on the directing body to be in charge of implementing the Plan, without abandoning the idea of a supranational authority. For the time being, we cannot judge the practicality of the suggestions, but it is already apparent that it will be fairly difficult to avoid interference from the various bodies and to maintain the High Authority on a purely technical level. Much will depend on the skill, capacity and common sense of the individuals who will be its members.

As regards the four other committees — the commercial and customs policy committee, the committee on prices and production, the salaries and social issues committee and the committee defining the terms 'coal and steel' — only the second appears to have already arrived at more or less definitive conclusions. An agreement apparently exists as to the abolition, at one fell stroke, of all the customs restrictions and rationing of coal and steel imports in the area covered by the participating countries. It is not known whether the decision will be extended to the colonies as well, and still under discussion is the question of freedom to procure scrap metal and iron ore. It would also appear that steel will not be imported into the area and that coal imports must not favour individual factories.

We should be satisfied with this agreement, for it is the first step towards the practical realisation of the single market so devoutly wished for, but we cannot conceal our concern about the apparent conflict between this decision to create a preferential zone and the articles of the GATT — particularly those relating to most favoured nations. Obviously, some of the countries in which this agreement is in force could waive it, perhaps receiving other forms of compensation, but it is unlikely that Britain would be among them.

The reason why the latter two committees have not yet taken decisions of note is that, to an extent, their work depends on the conclusions reached by the third committee, which in fact has the most difficult task. The problems it is examining are those on which the whole Plan hinges.

The decisions taken until now raise certain concerns about how they will help to achieve the basic goal which, it is worth noting, is to set up a single market not as an end in itself but in order to improve the production of coal and steel, both technically and economically. The third committee is reported to have taken the following outline policy decisions: (1) to fix single prices for the various products; (2) to fix prices not on the basis of the prices of marginal enterprises (those with higher production costs) but at a point not yet clearly defined, although it will certainly be lower than the former; (3) to allocate part of the profits of enterprises with lower costs into a national adjustment fund (of which there would be six); (4) to provide for a state contribution to the fund; (5) to use the fund's resources to compensate marginal producers for losses occasioned by prices being fixed at a rate that is uneconomic for them; to re-equip them, provided that their

costs are not chronically high; to compensate them and retrain their workforce for other tasks if the High Authority decides to close them down.

In this way, a happy combination of government control and free competition has come about which theoretically could produce excellent results, were it not for the fact that, in practice, the solutions suggested raise a series of questions that will make it terribly difficult for the High Authority to work, if it hopes to be effective. Note that the creation of so many separate funds in itself runs counter to the principle of a single market. Remember then that, when one looks at costs, one has to consider the issues of wage differences, social spending and standards of living in the different countries. Bear in mind, too, that it is easy to talk about closing down factories and retraining the workforce if you know where to re-employ their workers, but when there is already a surfeit of manpower it becomes very difficult to overcome the obstacles raised by whole sectors of the labour force, whose political weight cannot be ignored.

Luckily for the Schuman Plan, it has come into being at a time when the demand for iron and steel products has surged so far ahead that a ready solution can now be found to many of the problems that might have been insoluble had production capacity grossly exceeded demand. But then the doubt arises that the Schuman Plan may not be quite as useful as was at first expected. This is what we shall examine shortly.

Davide Cittone