

Statement adopted by the International Chamber of Commerce Committee on European Affairs (21 November 1950)

Caption: On 21 November 1950, the International Chamber of Commerce (ICC) Committee on European Affairs adopts a declaration on the implementation of the Schuman Plan.

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1. The Schuman Plan appears to be one of the initiatives likely to lead by degrees to the economic unification of Europe. On these grounds, as soon as it was first submitted, it drew sympathetic attention from the International Chamber of Commerce.

2. The Plan, which is confined to coal and steel, seems to be an experiment on a reduced scale, which could in some respects make it easier to implement: the disruptions which may be caused by abolishing customs barriers are, of course, easier to foresee, study and prevent when they involve two types of goods rather than a whole customs nomenclature. In other respects, the fact of confining liberalisation to two sectors only may exacerbate the difficulties of implementing the Plan, since it reduces the likelihood of imbalances caused by changes in the system in the sectors concerned being offset spontaneously by increased activity in other sectors.

3. We would point out, in particular, that the Plan does not cover all energy sources, although there is a close correlation between the use of coal and that of electrical power.

4. On the other hand, if it were to succeed, the Plan could provide an excellent basis for economic unification in general, since it would have levelled the prices of two staple commodities, the consumption of which accounts for a sizeable proportion of the costs of other industries.

5. The considerable technical difficulties in implementing it which came to light during negotiations over the last few months compel us now to wonder whether such an instrument of over-restricted unification is practicable and effective, and to take care that its operation does not entail permanent recourse to methods of economic management and control which would certainly run counter to the fundamental principles set out by the French Minister for Foreign Affairs in his Declaration of 9 May 1950.

6. If we disregard the political motives underlying the Plan, which are of course extremely important but which it is not for the Committee to judge, the essential objectives set out in the original Declaration boil down to two:

- a) to create a single competitive market for coal and steel products;
- b) to harmonise, by stages, the living conditions for workers in these industries.

7. A system of unification in the widest sense of the term should take the following considerations into account:

- a) the removal of all obstacles to the movement of persons, goods and capital within Europe (to abolish these obstacles partially is to risk creating imbalances which will not be offset by anything);
- b) the most rational way of dividing the work and getting the highest possible return from it on the most advantageous terms for the consumer is, in the long run and in a constantly developing world economy, to allow the normal free play of competition while letting market price mechanisms operate freely;
- c) for both economic and social reasons, existing situations, however irrational, must nevertheless not be disrupted carelessly;
- d) account should also be taken, with due respect for a proper hierarchy of values, of other requirements such as:
 - a high and relatively stable level of employment;
 - regularity of supply;

- the conservation, in exceptional cases, of certain natural resources;
- the need to maintain a certain geographical dispersal of industries relating to defence.

TRANSITIONAL PERIOD

8. The Schuman Plan has opted to abolish customs obstacles to movements of coal and iron between the affiliated countries at a stroke. Consequently, it is obliged to replace customs protection, during the transitional period associated with the current disparities between the legislative, fiscal and social security systems in the various countries taking part in the pool, with a system of gradual adjustment measures which allow for the international redistribution of labour to be staggered over a period of time and, in particular, for marginal undertakings, which would have to drop their present production programmes, to be converted. No irrevocable, authoritarian decision should be imposed on any undertakings during this period. At the end of it, however, undertakings whose manufacturing costs are too high would have to have ceased operating or have changed their programmes.

9. The adjustment measures system proposed by the Schuman Plan would involve an international equalisation of prices combined with national grants designed to equalise sales price scales immediately; this would require official price fixing during the transitional period.

10. The Committee considers that official sales price fixing would not be desirable. It suggests that certain compensations be given in respect of costs with a view to reducing disparities in production conditions to a certain extent, whichever of the various possible methods is chosen.

FINAL PERIOD

11. a) For the purpose of applying the general principles set out in §7 above, we would recommend that the High Authority's role consist basically of ensuring that the free market functions correctly:

- by making sure that all discriminatory practices are eliminated, particularly as regards prices and transport tariffs;
- by preventing the use of private or public agreements which would stimulate unjustified price rises;
- by authorising, by way of derogation and under its supervision in exceptional circumstances, a market organisation to ensure that the advantages and sacrifices are shared out fairly between producers and consumers.

b) In addition, the High Authority could provide a service by performing the following functions:

- receiving, analysing and publishing statistical and technical information;
- drawing up indicative investment and production programmes;
- promoting voluntary coordination of undertakings' programmes;
- encouraging technical cooperation between the various undertakings;
- coordinating customs negotiations with third countries, or indeed conducting them itself by special mandate.

This would, of course, require a degree of understanding with other international organisations such as the Organisation for European Economic Cooperation (OEEC) and the United Nations Economic Commission for Europe.

c) It would be desirable for the High Authority's operations to involve the minimum possible degree of coercion and sanctions. It should proceed primarily by means of consultation and publicity.

d) There are three main pitfalls to avoid:

— protectionism (which would raise the prices of the products concerned);

— imposing excessive contributions towards the financing of administration costs (which would have the same effect);

— using the operation of the Plan as a means of interfering in the ownership and operating arrangements of the undertakings concerned.

e) The Committee believes that the High Authority should not be given banking functions but that it should, in every way, encourage the free movement and free investment of capital in the sectors concerned.

HARMONISATION OF PAY SCALES

12. An international harmonisation of pay scales would have nothing to recommend it. The differences which exist between countries in terms of practices, productivity, the cost of living and the position of the labour market justify differences in remuneration. These differences could be mitigated by abolishing obstacles to the international movement of workers and other artificial causes of wage disparity. In any case, it is impossible to confine pay scale adjustments to only two industries without it entailing repercussions in all the other industries in a country.

INSTITUTIONS

13. The High Authority's powers should be strictly limited and precisely defined.

14. The High Authority should be composed of independent figures each appointed by all the affiliated countries' governments and selected for their general competence and their technical and economic experience.

15. An assurance should be given that the High Authority will hold obligatory and regular consultations with one or more committees representing before it the directors of the industries concerned, the staff of such industries and the consumers of their products.

16. It should also remain in close touch with the OEEC.

17. Lastly, the undertakings concerned should, in relation to the High Authority, have a means of redress by appeal to a Court of Justice, similar to those which they enjoy in relation to their respective governments with regard to abuse of power or prejudicial action.

CONCLUSION

18. There is a peculiarity of the Schuman Plan which makes it difficult to fine-tune and which will jeopardise its operations at a later stage, namely the fact that it involves only two industries and too small a fraction of the productive capacity of those industries. The Committee considers, in particular, that the Plan should remain open to all Western European countries. In a narrow context, there are only minimal chances of spontaneous offsets occurring between declining sectors of activity and sectors set to emerge in the same place or the same country.

19. The ICC Committee on European Affairs believes that the most practicable method of unification will be one which extends the dismantling of customs barriers to as many countries and as many sectors as possible

at the same time, on the understanding that care needs to be taken during a transitional period. Here the Committee would recall the statement it submitted to the General Affairs Committee of the Consultative Assembly of the Council of Europe in March 1950.