

Address given by Joseph Bech on the ratification of the ECSC Treaty (Luxembourg, 8 May 1952)


Caption: On 8 May 1952, Joseph Bech, Luxembourg Foreign Minister, gives an address to the Luxembourg Chamber of Deputies on the political and economic implications of the Schuman Plan.

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Of the Parliaments of the six countries that signed the Schuman Plan, the Luxembourg Parliament is now the last to have to take a decision on a Treaty whose political and economic significance has been sufficiently highlighted by the approval and the criticism to which it has given rise throughout the world.

The Luxembourg Chamber will take its decision in full knowledge of the facts: in full knowledge of the political importance of the Schuman Plan as part of our post-war foreign policy and in full knowledge of the economic importance of the Convention and of its influence on the economic and social affairs of the country.

Since the Liberation, the Chamber has been asked on more than one occasion to give its approval to agreements establishing broad political, economic, social and cultural cooperation with countries of the free world, such as the United Nations Charter, the Brussels Pact, the Council of Europe, the North Atlantic Treaty, the Organisation for European Economic Cooperation, to name but a few.

We can only applaud any initiative that seeks to strengthen the links between the European States. The corollary of abandoning a policy of neutrality — particularly for the small States — must be the pursuit and strengthening of international solidarity. There is, therefore, no need to underline the reasons which have prompted us to work towards the political objective set out in the Schuman Plan. That objective is generally consistent with our foreign policy during and after the Second World War.

Whilst the Schuman Plan forms part of this policy of cooperation and alliance between the democratic countries of the world, it does bring something more in a limited field, innovations that have been described as revolutionary and that might represent a decisive stage in the development of European unification.

The Schuman Plan will be followed by other plans. The Agricultural Plan is already being studied. It has to include an even larger number of countries than the Schuman Plan has been able to. Subsequently, the intention is to create a transport pool, an energy pool, etc. To highlight the need to coordinate all these scattered efforts, at the most recent meeting of the Council of Europe's Committee of Ministers, the British Foreign Secretary, Mr Eden, proposed that provision be made for the coordination of the work of all these specialist organisations under the auspices of the Council of Europe.

According to Mr Eden, the British Government wished to be involved as closely as possible, both politically and militarily, in all stages in the development of the unions created at this time between certain States, such as the European Defence Community and the European Coal and Steel Community. It also wanted to reconcile this involvement with cooperation under the North Atlantic Treaty Organisation.

Western Europe is happy that Britain is thus expressing its wish to cooperate with the peoples on the continent and that, in this way, a broad policy of coordination in European and world affairs is being established.

There is a danger that all these international organisations are seen too often from the point of view of joint military defence. Certainly, by combining politically, militarily and economically, the peoples of the free world become more capable of resisting any conceivable aggression and even rule out such a possibility through the guaranteed combination of their respective forces.

However, it would be wrong to see this policy of union solely in terms of military aims. The evolution of the world towards the unification, or rather the federation, of States, is a natural, logical and inevitable consequence of economic and social progress.

The new world must be created in a spirit of mutual understanding, friendship and mutual assistance between peoples, following the healthy traditions of national independence and showing mutual respect for each other's interests.

The Schuman Plan must be seen in the regional context of this new world.

The 19th century and the first half of the 20th century have been the era of major European conflicts, giving rise to the greatest tests that humanity has had to face on a global scale. France and Germany, in their age-old rivalries, have been at the nerve centre of this European continent.

Situated between these two great neighbours, our country understands better than any other the noble idea put forward by Robert Schuman when he proclaimed in his famous Declaration of 9 May 1950: 'The coming together of the nations of Europe requires the elimination of the age-old opposition of France and Germany. Any action taken must in the first place concern these two countries. ... Europe will not be made all at once, or according to a single plan. It will be built through concrete achievements which first create a *de facto* solidarity ... The contribution which an organised and living Europe can bring to civilization is indispensable to the maintenance of peaceful relations. ... The solidarity in production thus established will make it plain that any war between France and Germany becomes not merely unthinkable, but materially impossible. ... In this way, there will be realised simply and speedily that fusion of interest which is indispensable to the establishment of a wider and deeper community between countries long opposed to one another by sanguinary divisions.'

These ideas are the hope of our old continent. Our future existence and peace in the world depend on whether those ideas are put into practice. Robert Schuman's initiative has had immense repercussions throughout the world.

Whilst we welcomed from the outset the scale and generosity of spirit in the political ideas set out in the Schuman Plan, we did understand the repercussions of the Plan in the sector that forms the very framework of our national economy, and we understood that the way in which our iron and steel industry develops under this Plan will determine the very future of the country, its economic development and its social progress.

Whilst the Government hesitated about taking part in the negotiations and signing the Treaty and the supplementary acts that are currently being submitted to you, it would have been won over by one consideration that refutes all the criticisms levelled against the principle underlying certain provisions of the Treaty. In current conditions, Luxembourg produces around three million tonnes of steel. Since we have no domestic market, we export almost the entire output. 40 % is sold on the Benelux market.

In addition to exports of the finished product, we are dependent on foreign countries for imports of raw materials. Our iron and steel industry imports all its coke, most of which comes from Germany. It also imports a sizeable proportion of its ore and scrap iron.

The French proposal, made on 9 May 1950, immediately met with support from the Federal German Government, which declared that it was in favour of opening negotiations with France on the basis of the principles proposed by Mr Schuman. Belgium, the Netherlands and Italy followed suit. The only consideration to be negotiated between these countries, the territorial unification of their coal and steel markets, markets on which Luxembourg depends entirely for its raw material supplies and, to a large extent, for the sale of its iron and steel output, leaves us no other choice. Failure to participate in the pool would virtually paralyse the dominant sector of our economy. I do not need to explain to you what the consequences would be in all spheres of national life and, above all, in the social sector.

It is from the absolutely predominant standpoint of this consideration and in the light of the discussions that follow on from it that the detailed substantive provisions of the Treaty and its supplementary acts should be considered.

Before outlining the salient points, may I remind you that this work is the result of negotiations between six delegations which endeavoured, over the course of nine months, to find the common denominator in often profoundly divergent opinions. This shows the scale of the concessions that each has been required to make in order to reach unanimity.

The complexity of the technical problems to be resolved had already been outlined in the Declaration on 9 May.

There are two sides to this complexity: the institutional aspect and the economic aspect.

The institutional aspect of the Schuman Plan

Initially, the Schuman Plan proposed a revolutionary legal innovation: the institution of a High Authority whose decisions would be binding on the acceding States and which would thus enjoy genuine legislative and administrative powers.

In order to achieve the economic objectives, the Declaration of 9 May 1950 also developed a technical programme including the application of a production and investment plan, the introduction of price equalisation mechanisms, and the creation of a conversion fund, etc. The movement of coal and steel between the acceding States was to become immediately exempt from all customs duties and could not be affected by differential transport tariffs. Unlike an international cartel, which seeks to apportion and exploit national markets by employing restrictive practices and maintaining high profits, the planned organisation would ensure the merger of markets and the expansion of output.

The negotiations resulted in changes being made to this programme, both of principle and in the detail, which made it acceptable to us in its current form. The application of a political and economic programme of this kind might have confronted us with awkward problems and exposed us to much greater dangers than any of the other participating countries.

This is because the economic sectors that the Schuman Plan proposed to regulate did not have the crucial influence and importance in any of the participating countries that the iron and steel industry enjoys in the general economy of our country.

In the Netherlands, the coal and steel sectors account for only 8 % of total industrial output, in France 15 %, in Italy 16 %, in Germany 27 %, in Belgium 35 % and in Luxembourg 80 %, if not more.

The Schuman Plan cannot offer any other country so many benefits if it succeeds and so many dangers if it fails.

Since we are, demographically and politically, the weakest of the six countries participating in the Plan, our position was therefore particularly delicate during the negotiations, especially since we have the highest cost prices and our supplies of raw materials, coke and ore — as I have already said — depend to a decisive extent on imports from our two big neighbours, themselves members of the Plan.

I do not intend to go into every detail of the provisions of the agreements reached on 18 April 1951. They are already in the public domain, and economists and politicians from all the countries involved have set out in layman's terms the various aspects and implementation possibilities in many publications. The text of the Treaty, the Government's explanatory memorandum and the outstanding reports drawn up by the Council of State and your central section will provide you with all the necessary explanations.

It is important, however, to point out the difficulties that our country encountered more particularly during the negotiations and the solutions that the negotiators and the Treaty offered in the end.

The first major question that we had to face was political: the institutional problem of the supreme organ of the new Community, *the High Authority*. Contrary to the old international traditions that require the common consent of all the countries for any international agreement, the Schuman Plan put forward a new idea, a revolutionary idea: the institution of a supranational organ that could, within the scope of its powers, impose its will on the countries of the Community. Each country would, therefore, have to hand over to this new High Authority a considerable share of its powers of State, i.e. its sovereignty.

Such an idea was bound to meet with fierce opposition, above all from the small countries.

Whilst we, along with the other participating countries, did accept, before the negotiations began, the principle that some sovereignty would have to be relinquished, we also demanded, from the beginning of the negotiations, that the powers of the High Authority should be strictly defined and limited and that the exercise of the High Authority's powers should be subject to scrutiny by political organs and its actions capable of being annulled or revised by an independent Court of Justice.

In this way, an overall system of scrutiny was established which would give all the countries political and legal guarantees against any excessive or unfair encroachment by the powers of the High Authority on the sovereignty and the interests of the various States.

The High Authority will govern; it will certainly have the powers required for it to exercise its rights. Composed of independent figures who may receive instructions neither from the governments of their respective countries nor from private organisations, it will, however, be required to consult or seek the approval of other Community organs.

First, there will be a *Consultative Committee* composed of technicians, which will be required to issue an opinion prior to any general decision. In this Consultative Committee, there will be representatives of employers' associations, workers' associations, consumers and traders.

Two political organs will exercise democratic control over the High Authority and protect national interests.

One is the *Special Council of Ministers*, in which each country will be represented by a member of its government. This Council of Ministers will be a standing body for scrutiny of and cooperation with the High Authority.

Above the Council of Ministers and the High Authority, there will be the *Common Assembly* composed of 78 parliamentarians. In it, each country will be represented by a number of members corresponding to its political and economic importance. The three big countries will have eighteen votes, the Netherlands and Belgium ten and Luxembourg four. The Assembly will, in principle, meet only once each year; it has the right to dissolve the High Authority by a formal vote of no confidence.

It was first and foremost the composition of the High Authority that caused lengthy and delicate negotiations.

Since the High Authority must be a supranational organ composed of independent figures who may receive instructions neither from their governments nor from private organisations, the Big Three proposed that the High Authority should be a small body with, at most, five members. The small countries, aware that, if the High Authority was so configured, there might not be a national from their country included in the supreme body of the new Community and, as a result, there was an even greater danger that their interests would not be given proper consideration, demanded that the High Authority include at least one national from each country. In order to take account of the predominant importance of the larger countries in the Community, a compromise proposal submitted by the Luxembourg Delegation was eventually adopted, under which the High Authority will consist of nine members, with at least one from each of the participating countries. Our representation in the High Authority is therefore assured. We shall also have a judge at the Court of Justice under the Plan.

It can be seen from all the institutional provisions that the organs under the Plan are being created with full guarantees for democratic scrutiny and that, in all these organs, our country will have adequate direct representation which, in reality, is disproportionate to the political, demographic and economic importance of our country among the six States participating in the Plan. We have a population of only 300 000 compared with the 150 million people in the all countries participating in the Plan. Our steel output is not even one tenth of that of the entire group. The same is true of our ore production, and we do not produce even a single tonne of coal. However, if we were able to secure a representation greater than that indicated by these proportions, it is on account of the principle of the legal equality of States and the other argument which is unique to our country, the dominant influence of our iron and steel industry in our general economy.

The economic aspect of the Schuman Plan

The economic and technical problems that affected our country specifically in the provisions to be included in the Treaty meant that we were faced with extremely serious decisions on more than one occasion. In order properly to understand the implications thereof, I would like to stress the main guiding principles that will govern the common market in coal and steel: opening of frontiers, abolition of duties and restrictions, elimination of all discrimination and subsidies, abolition of practices that restrict free competition.

These basic principles are clearly in line with the traditional thrust of our economic policy. They allow us free access to raw materials — particularly fuels from the Ruhr basin — and make it easier for us to reach the large consumer markets within the Community.

Whilst the application of these principles pushes back the economic frontiers for our iron and steel output right to the edges of the Community, we must not lose sight of the consequences that stem automatically from the integration of these previously compartmentalised markets. The abolition of frontiers will free up all of the competitive capacity of the undertakings in the pool. And, although we have gone as far as prohibiting the aid and preferential treatment that States believe they have to grant to certain of their industries, this equalisation of the conditions of production does not affect all cost price factors. Initial equality is ensured only with regard to restrictive and discriminatory State intervention. It is not ensured as far as the natural factors of production are concerned. Thus, the advantage of geographical location, the efficiency of human resources and the head start given by the state of the factories involved will continue to influence production costs and to ensure that those who benefit from them have the advantage of increased competitiveness.

It is in the light of these considerations which, I repeat, are merely the logical consequence of a common market based on the rules of free competition that the future position of our heavy industry must be considered.

And, in the course of this consideration, which relates not to the principles that have been established, but to facts, we encountered many criticisms.

Among these problems, one delicate question was *wages*.

By stating in the Declaration of 9 May 1950 that one of the principal aims of the Community was to help raise the standard of living and to further the works of peace, the French Government stressed that the work to be undertaken would be a work of social progress. The Declaration by the French Government therefore advocated, among the aims to be achieved, the equalisation and improvement of living conditions for workers in the coal and steel industries.

From the beginning of the negotiations, it thus appeared that one of the main objectives of the common market should be to improve living and working conditions for workers, to equalise them upwards and to eliminate forms of competition based on the lowering of wages.

The survey which the Social Commission of the Paris Conference on the Schuman Plan conducted in the six countries covered by the Plan showed that, of all the labour forces in the six countries, our workers were the highest paid. Whilst our Belgian economic allies had a slightly lower wage level than us, they were far ahead of the levels of the other countries, in particular those of the Big Three. At the Paris Conference, our negotiators therefore called for wages to be equalised at the highest level of the six countries. In the Special Commission of the Paris Conference which had to deal with this issue, representatives of our trade unions and of our iron and steel industry were able to take part directly in the negotiations. With a constant unity of opinion, they defended our claims, which also corresponded with the claims of Belgian workers and employers but which met with opposition from the countries with low wages, in particular when we, along with our friends in Belgium, called for this equalisation at the highest wage level to be effective as from the entry into force of the Plan. The countries with lower wages claimed that a sudden equalisation of wages would create too great a disturbance in the general economy of their countries and that such an equalisation could be achieved only by means of artificial measures whose inflationary repercussions would certainly run counter to

the real aims that were being pursued. They also claimed that wages in the coal and steel industries could not, moreover, be isolated from the wages of the labour force as a whole in each of the countries and that wage policy was, therefore, necessarily a matter for the general policy of each government.

The wage element was also just one of the aspects of the cost price of products under the Plan and, therefore, one of the aspects of the general problem of the equalisation of the competitiveness of the six participating countries. Similarly, it was inconceivable that the social policy of the smallest country could dictate its laws to the 150 million inhabitants of the Community and thus cause major disturbances in the economic and social life of the other partners.

While the equalisation of wages at the highest level could not, therefore, be implemented as from the entry into force of the Treaty, Article 3 clearly instructed the Plan's institutions to 'promote improved working conditions and an improved standard of living for the workers in each of the industries for which it is responsible, so as to make possible their harmonisation while the improvement is being maintained'. The gradual upward equalisation is thus not only a logical and inevitable consequence of the creation of the common market but a contractual obligation which, though rather vague, is nonetheless enshrined in the convention itself. Our delegates also declared in the most insistent and clear terms that under no circumstances could we give our support to commitments that would be likely to require our country to lower wages.

Article 68 of the Treaty, which governs this complex subject of wages, therefore had to take account of the factual conditions currently dominating the subject and the ultimate aim that the Schuman Plan seeks to achieve in the social sphere. Therefore, the methods used for fixing wages and welfare benefits in the different countries will not be affected by the entry into force of the Treaty, but rules have been introduced to provide workers with a guarantee that competition will be to their benefit and not to their detriment. As a general rule, wage reductions are prohibited if they entail a cut in the real remuneration of workers. Abnormally low wages that allow undertakings to enjoy an excessively advantageous competitive position will have to be increased.

Admittedly, maintaining our current wage levels will, as in the past, affect the competitiveness of our iron and steel industry until the wages of others have been adjusted to the same level as ours. However, if we are able to cope with that situation, it will be thanks to the skills of our workers, which give us a definite productivity advantage, and it will also be thanks to the intelligence, foresight and initiative shown by our industrial leaders, who have been able to maintain and develop the equipment in our factories at a level that is fully commensurate with the requirements of modern technology.

How can I fail, on this occasion, to pay tribute to a man who was the most eminent of those leaders and who would be the most needed today, Aloyse Meyer, whose authority among his peers, prestige abroad and wise counsel we shall sorely miss during the new period that will be ushered in for our national industry by the Schuman Plan.

Furthermore, this subject of wages, the social sphere and social policy above all else is not subject to excessively strict wording in regulations. The gradual upwards corrections will take place quite naturally through the common policy that the countries in the Plan will devise in order to establish a common market, the essential aim of the Schuman Plan.

The social tendencies in the Plan have been emphasised in the Treaty itself by special provisions that guarantee an appropriate representation of workers' organisations in the organs under the Plan. Article 18 requires workers to have a representation equal to that of producers and consumers in the Consultative Committee.

Whilst, under Article 46 of the Treaty, the High Authority must, in consultation with workers' organisations, assess the possibilities for improving working conditions and living standards for workers in the industries within its province and eliminate the threats to those standards, the same article gives workers and their associations the right to present any suggestions or comments to the High Authority on questions affecting them. Articles 33 and 35 of the Treaty safeguard a right to institute proceedings before the Court of Justice whenever the interests of workers are infringed by a decision taken by the High Authority. Articles 56 and

58 provide for the reabsorbing of unemployed workers, benefit payments to the unemployed, resettlement allowances for redundant workers, the financing of vocational retraining for such workers and support for undertakings in crisis, in order to ensure maintenance of employment levels. In addition, Article 67(2) seeks to protect workers against harmful changes in wages.

Thus, a vast system of aid and social guarantees has, for the first time, taken shape at European level.

I shall now turn to another aspect arising from the need to achieve cost prices that are more or less comparable in a common market, *rail tariffs*.

The Declaration of 9 May 1950 had advocated the standardisation of rail tariffs, proclaiming that the movement of coal and steel must not be 'affected by differential transport tariffs'. This principle of non-discrimination with regard to transport tariffs between the countries participating in the Plan was laid down in greater detail in Article 70 of the Treaty and in Article 10 of the Convention on the Transitional Provisions. The explanatory memorandum sets out these provisions in detail.

Let us now consider the main requirement, as it is laid down in Article 10 of the Convention, the establishment of through international tariffs incorporating a degressive factor taking account of total distance for carriage within the Community.

Since all the other countries involved in the Plan had concurred with these principles and the provisions to be included in the Treaty from the outset, our position in this matter was particularly difficult, and the repercussions were likely to be serious for the revenue of our railways.

The Chamber is aware of the particular situation of our railways, whose structure and operating methods are not comparable with those of the big companies of our neighbours, because our network is so small. Our tariffs are indeed discriminatory, but they are discriminatory to the detriment of our own iron and steel industry. We also grant more favourable tariffs to transit traffic with the sole aim of not losing it. We also apply bulk breaking to transport from foreign countries and, more specifically, to coke imports from the Ruhr, which means that, rather than pursuing a continuous degressive factor over the total distance, from the point of departure abroad to the point of arrival in our country, our domestic tariffs at our border take on the high level at departure and thus establish relatively high special domestic tariffs.

By eliminating these practices in the future, in accordance with the requirements of the Schuman Plan, we would impose on our railways a considerable loss of revenue which, in current conditions, would amount to well over 100 million francs each year. In other words, the State would be obliged to make up this additional shortfall. We therefore argued for a derogation from the application of the transport rules. After many hesitations, our partners agreed to bend the principles so that the Luxembourg Government is authorised to maintain the present tariff structure, even in the event that it considers that it cannot endorse the proposals made by a Committee of Experts to be set up to consider ways in which to bring the tariff systems of the different networks into line with the rules of the Treaty.

The derogation in Article 10 of the Convention is clear and unequivocal. While the organs under the Plan are unable to establish a system of unified tariffs that will protect us from the dangers that have been outlined, the Luxembourg Government will have the right to maintain the *status quo* and thus to avoid new financial difficulties for our railways.

However, this solution keeps Luxembourg's iron and steel industry in a relatively disadvantaged position compared with its competitors. It was the only solution that was reasonably realistic. Assuming that we had decided to comply with the rules of the Treaty and cover the additional shortfall for our network from the budget, we would not have been able to avoid placing an additional burden on the taxpayer and thus to charge the increased expenditure for the most part, if not entirely, to the iron and steel industry. This solution would, therefore, have led us, in a roundabout way, to the same result.

The ideal situation might undoubtedly have been sought in a general compensation for transport charges or,

better still, general compensation for steel prices. However, our partners did not follow us along a path that, logically, would have been very difficult to apply.

I have just outlined the two points which, in the implementation of the Schuman Plan, are likely to be regarded initially as disadvantageous to the competitive position of our iron and steel industry.

To conclude the consideration of these two weaknesses in our position within the future common market, I must add that the normal application of the Treaty should lead to the absorption of the disadvantage of our labour costs. Their equalisation should result automatically from the normal interaction of economic mechanisms rather than being based on official decisions that would inevitably lead to inflationary surges in this sector.

With regard to our handicap of increased transport costs, a solution is solely a matter for our own initiatives and our own responsibility. The problem is not new, I repeat. The Schuman Plan simply gives us an opportunity to put our finger on the problem and prompts us to take all the steps necessary to resolve the problem of our transport, which exists with or without the Schuman Plan.

Consideration of these two aspects shows you the full complexity of the problem of opening the common market. Whilst I have told you that Luxembourg's competitive position will not be weakened, I must also consider a general problem that arose towards the end of the negotiations on establishing the regime for Belgian coal in the pool.

The problem of Belgian coal

I shall outline the problem, simplifying it a little for the sake of clarity.

The current cost price for Belgian coal is around 200 francs per tonne higher than the cost price for German coal, which accounts for most coal output under the Plan.

In order to enter the common market profitably, Belgian coal therefore had to be placed at the same level as German coal.

To that end, the negotiations proposed financial support from the Plan. A support system was established for Belgian coal mines, the cost of which will have to be paid for by German and Dutch coal mines. Through this financial support, Belgian coal mines have therefore been placed in a position where they may bring their production costs into line with those of the other countries of the Community during the transitional period.

Thus, this Community aid must also make it possible to integrate Belgian steel immediately into the common market by supplying the Belgian iron and steel industry with its coal at the price of German coal.

The Belgian iron and steel industry will thus obtain coal 200 francs per tonne more cheaply than at present. It will be able to reduce its cost price and its selling price accordingly.

The ensuing disparity between the Belgian cost price and the Luxembourg cost price could have been disastrous for our country.

Through the Belgo-Luxembourg Economic Union, a balance has gradually been established between the Belgian and Luxembourg iron and steel industries, and advantages in one cost price sector are offset by disadvantages in another. For example, the advantage that we have over the price of coke is offset by Belgium's advantage with regard to wages, and so on.

The equalisation system established in support of Belgian coal mines would have destroyed that balance; within the Economic Union, we would have had the highest selling prices. The consequence would have been the loss of Belgian and Dutch markets, which currently absorb between 40 and 50 % of our total exports.

We therefore called for a special *safeguard clause* for our country. This call, which arose in this manner by force of circumstance during the final phase of the negotiations, set us against all the others, with each country claiming that it was also entitled to preferential regimes, since no one wanted to make any new sacrifices in addition to those already accepted. It was only after long and hard negotiations that we were able to have a special safeguard clause inserted in the Convention to protect us from the dangers indicated.

Article 31 of the Convention of the Transitional Provisions therefore stipulates that ‘in the operation of the safeguards provided for in Article 29 ... the High Authority shall take account of the exceptional importance of the steel industry to the general economy of Luxembourg and the need to avoid serious disturbances in the marketing of Luxembourg steel, given the special conditions under which this is effected by reason of the Belgo-Luxembourg Economic Union. Failing other action, the High Authority may if necessary draw on the funds at its disposal up to the amount needed to deal with any repercussions on the Luxembourg steel industry.’

So, if the dangers that we have indicated should materialise, the High Authority will have to recommend measures to prevent them. In the absence of such measures, the High Authority will grant financial compensation to our iron and steel industry.

We can compare this safeguard clause for our country with the more general provisions included in the Treaty in order to protect the national interests of the participating countries.

Article 2 of the Treaty calls on the Community to ‘take care not to provoke fundamental and persistent disturbances in the economies of Member States’, and Article 37 authorises a State to bring proceedings before the Court of Justice if 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 was agreed during the negotiations that, given the relative importance of coal and steel in the economies of the participating countries, these safeguard and protection clauses could be of practical benefit only to Luxembourg. Only in our country could a measure taken by the High Authority provoke fundamental disturbances in the general economy by very reason of the primordial and disproportionate importance that iron and steel hold in the general economy of our country. It is, therefore, quite understandable why our delegation took such great efforts to secure approval of this clause at the Paris Conference. It could no longer be claimed that the application of the Plan might lead to the ruin of our iron and steel industry, since both the special clause and the general clauses referred to require the Community bodies to avoid this and even provide for penalties and compensation if any measures threaten to cause us serious damage.

The derogation in Article 10 with regard to transport charges and the safeguard clause laid down in Article 31 on the special protection of our iron and steel industry, clauses applicable specifically to our country in this multilateral Convention, therefore constitute guarantees that protect our country’s most important interests against future dangers. They represent two negotiating successes which allowed us to sign the document which is now submitted to you for approval.

The problem of prices

The explanatory memorandum and the actual text of the agreements give you all the necessary details on the economic provisions, the complexity of the technical work that has been done by the negotiators, all the economic problems such as the establishment of the common market, the regulation of the conditions of competition between the participating countries and industries, the development of investments, the expansion of production, the Community’s relations with third countries and market intervention by the Community bodies. To dwell on this further would lengthen this statement unnecessarily.

It would be amiss of me, however, not to touch on, albeit very briefly, a few other points that affect us specifically and which gave us significant concerns during the negotiations.

The most important of these is the method for establishing the prices at which the Community’s products, coal

and steel, will be sold after the entry into force of the Schuman Plan

The Declaration of 9 May had proposed the supply of coal and steel under identical conditions in all the countries covered by the Plan. It had been inferred that the price of steel should, in future, be fixed for all buyers, from near and far, ex works. Such a method of charging has only ever been used in the past by factories that have a nearby market, thereby effectively ruling out foreign competition and creating a real monopoly for the factory in the region to be supplied. This is disastrous for countries, like ours, which have no domestic market. Therefore, the export countries, such as Luxembourg and, to a lesser degree, Belgium, had no option other than to practise carriage-paid prices at the buyer's premises or parity prices, which means prices fixed at parity with the place of delivery, Rotterdam parity price meaning Rotterdam carriage-paid. Such a system made it possible for these factories to establish a price tariff allowing them to penetrate distant markets under acceptable competitive conditions. Maintaining these parity prices was, therefore, of vital importance to Luxembourg's iron and steel industry. Consequently, the report on the Schuman Plan by the French Delegation stresses that 'it is necessary to recognise that Luxembourg's producers, surrounded by their competitors, find it rather convenient to be able to fix different prices in accordance with the system of multiple parities, aligning them with their competitors' prices in each sales area'. The battle between the champions of the two charging systems at the Conference of Paris was long and hard. The slightly arcane wording of Articles 60 and 61 of the Treaty bear witness to this. Nevertheless, it resulted in the adoption of the parity-price system that is so vital to our export opportunities. The inclusion in the Treaty of the rule allowing undertakings freedom to choose the point of delivery in establishing the price lists therefore satisfied our industrialists. This result was achieved largely because of the tireless efforts of our delegation at the Paris Conference.

The powers of the High Authority

Many criticisms have been levelled against the Schuman Plan, particularly in industrial circles, on the grounds that it was creating an intolerable interventionist policy. Some have even claimed that the High Authority was a 'monster of interventionism'.

I do not wish to say that we should not have preferred, here and there, a more liberal, less interventionist system. Each time that our delegation was able to argue in favour of freedom for private initiative, it did so methodically and realistically. It did so, above all, on such important issues as the powers of the High Authority and on special issues such as groups of undertakings and agreements between producers. I shall come back to this shortly.

However, it must be realised that the era of absolute economic liberalism is over and that some coordination of economic efforts and some interventionism can no longer be avoided. In particular, it cannot be avoided where it is necessary to serve a grand idea of progress and coordination of such powerful and divergent interests as the fundamental sectors of industrial production.

However that may be, the Paris negotiations imposed specific limitations and permanent statutory controls on the powers of the Community bodies. There cannot therefore be any talk of dictatorial powers.

Article 5 of the Treaty first lays down a key principle, providing that 'the Community shall carry out its task in accordance with this Treaty, with a limited measure of intervention'. Subsequently, the Treaty defines precisely the exercise of the rights of intervention. The list of the rights is restrictive, not enunciative. The bodies set up under the Plan will be able to use them only in the event of an emergency and serious danger and in times of shortage and crisis in order to maintain the economic and social balance of the countries involved in the Plan.

All the powers of the High Authority are subject to a system of democratic controls which are so extensive that they have even been deemed excessive. Before acting, the High Authority will have to consult the Consultative Committee, in which producers and workers are represented by an equal number of members. The High Authority will also have to cooperate with the Special Committee of Ministers, in which each country will be represented by a member of its government. This is the major manifest guarantee that no country's national

interests will be ignored. Lastly, decisions by the High Authority are subject to scrutiny by the Common Assembly, composed of delegates from all the parliaments of the participating countries. This parliamentary assembly has the right to vote out the High Authority if it considers that it is acting contrary to the interests of the Community. In addition to all these political and economic supervisory bodies, there is also a Court of Justice, open not only to the States but also to associations and even to private individuals who will be able to request the annulment and rectification of measures that they consider to be contrary to the provisions of the Treaty and to their interests.

Far from abolishing private initiative, the Treaty calls on the Community's bodies to encourage it and to help undertakings to develop and improve their potential production through joint technical and economic research, through funds devoted to such research, through loans to undertakings with a view to implementing investment programmes, through the financing of new activities likely to ensure the re-employment of available workers and even through the authorisation of concentrations formed in the general interest of production.

At this point, I should like to respond to a fear which has been expressed many times and concerns possible factory closures. It is completely wrong to claim that the High Authority has such a power. It can certainly regulate output in times of crisis, it distributes resources in times of shortage, but it will never be able to close businesses on its own authority. The powers that are devolved to it will, therefore, have no consequences other than those to which, by force of circumstance, we have always been exposed in abnormal economic conditions.

And after all, what interest could the High Authority have in pursuing a policy of extreme interventionism, in supporting a policy of an ongoing conflict with producers and with the governments of the countries concerned? It would needlessly create the greatest difficulties for itself and would be on the road to ruin. Do its tasks and its interest not lie more in limited interventions, in a policy of trusting cooperation, in a policy of coordination and balance of all the interests at stake? This is the policy that the Heads of Delegation pursued at the Paris Conference, and this is the policy of friendship and mutual understanding that made it possible to overcome the innumerable difficulties that arose during the course of the negotiations.

It is, therefore, natural and logical, indeed inevitable, for this same policy of trust and mutual respect of interests to be adopted by the bodies set up under the Plan following the entry into force of the Treaty.

So I have told you what I think of the alleged interventionism of the Plan. I repeat that, under normal circumstances, the High Authority does not have direct powers of market intervention. It is only in times of crisis or in the face of extremely grave circumstances that it acts directly through the regulation of shared resources. It does have to exercise a role of indirect market regulation at all times, but its action is always subject to respect for a series of procedures that ensure that both the States and the interested parties have an opportunity to express their views.

As regards the powers that are devolved to it in abnormal economic conditions, they are intended to safeguard market discipline. In such circumstances, the intervention of the Council of Ministers is also reinforced so that different national wishes are not likely to be disregarded.

A certain balance between the powers of the different institutions emerges, which is the very essence of a democratic organisation. The procedures, which are deliberately numerous and, at first sight, complex, provide an adequate platform for the expression of the interests of States, producers, workers and consumers. You would really have to disregard this host of substantive and procedural guarantees, graduated and graded according to the importance of the decisions to be taken, if you wanted to believe that the High Authority had the design and the opportunity to guide the destinies of the Community in accordance with interventionist ideas.

Agreements and concentrations

This leads me to refer to a specific provision relating to the functioning of the common market, a rule by

which industrial circles are particularly concerned: the prohibition of agreements and the control of concentrations.

This provision has been fiercely criticised. It seriously hampers the free initiative of undertakings, it is claimed. It is more accurate to say that it prevents the conclusion of agreements or the formation of concentrations which would tend to restrict the normal effects of healthy competition and to infringe the equitable interests of workers and consumers. Agreements which are likely to promote the major aims of the Plan and which are welcomed by business leaders themselves will continue to operate with the agreement and subject to the control of the established authorities. Thus, the current structure of our iron and steel industry, whose ramifications are considerable and necessitated by the absence of national supply sources and outlets, will be maintained.

The provisions on cartels and concentrations certainly do not apply to Luxembourg's iron and steel industry, which can hardly be accused of having monopolistic designs jeopardising peace.

Now I come to the direct and essential effect that the implementation of all these economic measures is required to have in the field of European policy. By establishing an effective solidarity between the basic industries on the continent, by gearing them towards the achievement of a rational non-military output that has regard to the interests of workers and consumers, by ensuring a rational distribution of supplies and outlets for the producers themselves, the authors of the Plan are seeking to eliminate from the European economy the dangerous element that is the perpetual fear of one's neighbour. The internationalisation of the interests of this sector will put an end to the national autonomy of war industries which lies at the root of the major conflicts.

The duration of the Schuman Plan

I have described to you, in broad strokes, the structure of the future Community and the basic rules governing the actions of the institutions that have been created.

The negotiations scrutinised the possibilities of the Plan, as far as was humanly possible. The Treaty which, with its annexes, comprises 198 articles and paragraphs, regulates all foreseeable situations. It cannot respond to chance developments that no one has the power to predict or prevent, that much is certain.

This gives me the opportunity to respond to a criticism that has been made many times and that relates to the fifty-year duration of the Plan. This is a long time, and the Treaty makes no provision for a right of early secession. Should this clause be regarded as excessive? Does it entail too great a risk?

The problem of duration is not a simple one. The application of the rules of the Treaty will entail, particularly for undertakings currently working under difficult conditions — I am thinking of the Belgian coal mines, for example — fundamental changes in their conditions of production. They will have to progress gradually — and that is the aim of the five-year transitional period — towards a suitably comparable situation with the normal operating conditions of other undertakings. Sizeable sacrifices will be necessary in order to standardise such production. It is, therefore, inconceivable that a State should benefit from the funds invested by the Community in order to put its obsolete industries back into contention and then to withdraw. All the participating States would thus be deprived of the advantage of this common sacrifice. Accordingly, a fairly long period of normal operation has to follow the initial years of adaptation, during which the necessary adjustments will be made.

Admittedly, it can rightly be argued that the Plan cannot provide for everything and that, in the future, situations will arise for which the Treaty provides no solution. Such situations, if they affect one country in particular, could thus entail serious dangers.

The rules of the Plan are not immutable. Aside from the amendments that the States will always be able to make by common agreement, a special adaptation procedure is laid down for cases where, at the end of the transitional period, unforeseen difficulties reveal the inadequacy of the clauses. This procedure is fairly complicated in design in order to prevent unjustified defections.

I think that I have now looked at the main problems that arise from a general assessment of the Schuman Plan and the consequences that it is likely to have on political, economic and social life in Luxembourg. I have tried more specifically to underline the aspects which, in the eyes of our industrial circles, entail risks. I can understand the concerns of the industrial circles in the face of an international organisation whose implementation brings restrictions on freedom of initiative. However, it should not be forgotten that it is not the Schuman Plan that creates the dangers that are feared, since they existed in the past. The Coal and Steel Community is being created precisely to cushion them, if not to eliminate them entirely.

Final considerations

At this time, when you are being asked to approve the Schuman Plan, you know about the affirmative decisions of the parliaments of the other five countries. You also have the opinion of the Council of State and the opinions of the Professional Chambers.

In an opinion commensurate with the importance of the subject, the Council of State gives its support for the broad ideas of the Plan. It believes that it will contribute to peace and prosperity.

However, breaking with a virtually age-old tradition, the Council of State is opposed to Article 2 of the draft. That article includes an enabling clause which, in our view, would have facilitated the introduction of possible supplementary agreements on the implementation of the Treaty, for example on an arrangement on the seat, the details of the system of immunities to be granted to officials, etc.

I have sent the Council of State a very detailed explanatory memorandum opposing this position. Your central section has concurred with my arguments.

However, as there are serious risks that, in the event that the Chamber agrees with the Government and its central section, the Council of State will refuse to exempt the draft from the second vote, I am withdrawing Article 2 from the draft. I do so with regret, since I can foresee more than one disadvantage that will affect us when applying the Treaty. However, I should not like, and on this I insist, to share with the Council of State the serious responsibility for delaying by three months at least the establishment of the European Coal and Steel Community on account of a purely Luxembourgish legal dispute.

As regards the very detailed report from your central section, I shall respond briefly to the recommendations set out therein:

I am in complete agreement with its views on the level of wages. I have dwelt on this at some length in the course of my statement, and I shall merely reaffirm that we cannot tolerate the slightest regression in social affairs.

The same is true of the competitiveness of our iron and steel industry. We interpret the special clause laid down in Article 29 as an assurance with regard to the possibilities of making a good return on our invested capital and with regard to ensuring that our factories operate at a satisfactory level of capacity.

As regards Article 37, which gives us a right to bring proceedings in the event of fundamental and persistent disturbances, it may be perfectly applicable as a preventive remedy. I believe that the very wording of the article is sufficiently clear on this subject.

Furthermore, your central section would like the Government to be consulted prior to any measure taken by the High Authority in matters that could influence the employment levels. We all have assurances on this subject, since the consultation of the Council of Ministers, on which we are represented, is a requirement for all measures to be taken in the social sphere.

As far as the dangers that might result from the free movement of workers are concerned, I would like to point out that this privilege is accorded to just a number of specialists and that it will apply only if there are no

objections relating to health and public policy requirements. And we shall retain full sovereignty when conducting this assessment.

The report by the central section also talks about the domestic consumption clause (*Verhüttungsklausel*) in which our mining concessions are enshrined. The Government takes the view that these clauses are compatible with the Schuman Plan. I am happy to refer in this regard to the opinion of the Council of State, which dealt with the subject in great depth. I fully endorse its opinion.

The Schuman Plan does not revise the principle of the free convertibility of currencies *expressis verbis*. The central section believes that this is a serious shortcoming. But there is a reason for this. By decreeing the immediate and unlimited entry into force of such a principle, the Treaty would have drastically affected the balance of payments of the acceding States. Therefore, Article 86 of the Treaty establishes a principle with more qualifications, requiring the States to make appropriate arrangements for the settlement of international accounts arising out of trade in coal and steel and afford each other mutual assistance to facilitate such settlements. This clause is likely to give rise to supplementary agreements that will undoubtedly lay the financial foundations for the trade in question.

The central section also stresses the danger of possible devaluations. However, this danger was the main reason for the drafting of Article 67, with the result that any manipulations in this field will lead to immediate intervention by the High Authority.

Your central section thus placed the emphasis on several sensitive areas that may be raised by the application of the Treaty. All these situations have been foreseen, and the necessary provision has been made. I am happy to underline, together with the members of the central section, the interpretation that should be given to the various issues raised.

The central section wished to assure the Government of the Chamber's support on the issue of the seat of the High Authority under the Plan. It is public knowledge that the Government proposed Luxembourg as a candidate for the seat of the High Authority for the Schuman Plan. It was believed to be a matter of concern that there has been no publicity for this government initiative.

The choice of seat will be based on the agreement of the six governments. This choice, let us be certain, will not be the result of an abundance of aggressive publicity. It will be determined by reference to a complex set of material, geographical and political considerations. This and the number of applications for the seat will give you an idea of the vagaries of the decision.

At its session of 17 March 1952, the Luxembourg City Council adopted a motion in which it put forward its application. In that motion, it invited the Government to argue its case before the competent bodies.

In response to this, I would say that, eight days after the beginning of negotiations, towards the end of June 1950, the name of the City of Luxembourg had already been put forward on the initiative of the Government. We were easily the first to put forward our country as a candidate for the seat. Since then, my Department has continued appropriate diplomatic activity, setting out for those on whom the decision will depend the reasons why we decided to put forward the name of Luxembourg. The Government has not left and will not leave anything to chance in this matter.

After reviewing the Treaty from the perspective of the interests of workers, the Chamber of Labour gave its unreserved approval.

The opinion of the Chamber of Commerce is less positive. Since, at the time when it delivered its opinion, it believed that other parliaments would express reservations about the essential points of the Treaty, the Chamber of Commerce recommended conditional ratification. However, such ratification is not possible. The Treaty is a whole; it can be approved as such or rejected in its entirety. However, we cannot accept what we like and express reservations about what we do not like. We must say yes or no. In the latter case, we must be aware of all the consequences that refusal to ratify the Treaty would entail for our country. The Chamber of

Commerce realised this, leading it to add:

‘We are aware of the difficulties in abstaining from unconditional ratification once that has been done by all the other partners.’

In the final analysis, this is the whole issue. We must know whether we can remain on the sidelines in the event that the other five countries accede to the Plan. Whilst the Chamber of Commerce does not give an affirmative or negative answer to this question in its opinion, there is not the slightest doubt in the mind of its members and the leaders in our iron and steel industry that our iron industry would be doomed to certain ruin if it remained outside the European Coal and Steel Community as established on 18 April 1951.

Gentlemen,

If a multilateral treaty like the one that is currently submitted for your approval is to be concluded in such an important area as iron and steel production, and if such a treaty has to coordinate the interests of six different countries, it goes without saying that it can be achieved only with compromises. No country can secure all its desires and demands. Only a spirit of understanding and mutual sacrifice can achieve the desired aim.

The negotiations that resulted in the Treaty of 18 April 1951 were long and hard, and I do not think that our country has ever had to hold more difficult debates.

Our delegation at the Paris Conference did its duty, and I am keen to pay public tribute here to the intelligence, tenacity and skill with which the members of the delegation, the government delegates and the experts from the industrial groups and trade unions protected the important interests that were placed in their hands. In matters of the utmost importance, they were able to secure for our country special clauses that will safeguard our vital interests.

Throughout the negotiations, I was in close, permanent contact with the delegation, with your Committee on Foreign Affairs and with the interested parties.

The instructions for our delegation could therefore be adopted by the Council of Ministers in full knowledge of all the interests at stake.

Gentlemen,

I said to you at the beginning of this statement that the Schuman Plan forms part of a great political framework, in particular in the framework of this policy of European unification and federation which will be the logical, necessary and inevitable culmination of European evolution in this modern world of the Great Powers. The Plan is the first and very important constructive step on the path that will lead to this Europe.

But, as it emerged from the technical negotiations, the Schuman Plan is also, and above all, an independent work with its own life. As it stands before us, in its technical complexity, it is above all an economic work that will be binding on the peoples that sign it, even outside the scope of the current circumstances of international politics. If, tomorrow, following a revival in trust between the peoples of the world, the present political common defence pacts lose their purpose, the Schuman Plan will still retain its value and its existence. It will continue as the great economic agreements and customs unions existed before it. Whatever opinion some may have of the political directives of our foreign policy, the Schuman Plan must now be judged above all on the basis of its economic consequences for the future of our country.

It has often been said that each country makes foreign policy from its geography. That is true, especially for us in this matter of the Schuman Plan.

Of the six countries, we are the only one not to be located on the periphery of the Community. Surrounded by the other countries involved in the Plan, we cannot remain outside the Community that it creates.

Refusal to ratify the Treaty would isolate the country and inevitably jeopardise the full employment of our labour force and the maintenance of the standard of living of our working classes, with all the disastrous consequences that I do not need to describe, particularly in terms of the national economy and, ultimately, our national existence.

The creation of the common market under the Plan will give us, in addition to the restricted market of the Economic Union, a vast international market of 150 million inhabitants, essentially the equivalent of the United States market.

These advantages are enshrined in Articles 2 to 5 of the Treaty. They could not be taken away from us by any other clause in the Treaty.

If the application of the Schuman Plan, as envisaged, allows continental cost prices to be reduced, if it pursues a policy of mutual assistance to modernise the installations of the participating countries, if it increases the number of external outlets of the members of the Community, why should we be the only ones not to benefit from the advantages that it can give to others?

Those who are free in their decision and aware of their responsibilities and those who are eager to maintain our economic prosperity and to maintain our standard of living cannot ignore the inevitable demands of the new situation created by the Schuman Plan.

A scholarly writer said that that the Schuman Plan was a mixture of political idealism and economic realism. It is in idealism that great initiatives are created and in realism that they are adapted to the harsh demands of life.

Robert Schuman has given great hope to the peoples of Europe.

May that hope be realised in peace for the happiness of our peoples and for the future of our old continent!