

Fernand Baudhuin, Belgium and the Schuman Plan (1951)

Caption: In 1951, Fernand Baudhuin, Professor of Economics at the Catholic University of Louvain (UCL), outlines the position of the industrial and coal-producing sectors in the light of the future implementation of the Schuman Plan.

Source: Nouvelle Revue de l'économie contemporaine. Numéro spécial: Le plan Schuman. dir. de publ. Dauphin-Meunier, Achille. 1951, n° 16-17. Paris. "La Belgique devant le plan Schuman", auteur: Baudhuin, Fernand, p. 53-54.

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Belgium and the Schuman Plan

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Government and industrial circles in Belgium greeted the idea of the Schuman Plan with surprise, certainly, for there had been no prior notice of such a suggestion, but also with lively interest. On either side, the need for the economic unification of Europe was recognised, and it was quickly accepted that naturally this unification should first be applied to heavy industry.

The first concern.

However, one concern became evident from the outset.

It was manifest that the Plan was political in origin, since its principal objective was to prevent the reconstitution of the industrial power of Germany from bringing with it that of its military might. It is already particularly difficult to solve industrial problems when one deals purely with economic factors; adding political concerns undoubtedly makes it even more difficult to find solutions.

The prices of Belgian coal.

Furthermore, it is well known that Belgium clearly possesses one weak point. Although its steel industry is currently well equipped and reasonably efficient, this is not the case for the coal industry, which is suffering on the one hand from production difficulties due to the deposits, and on the other from very high wage levels. These difficulties have been aggravated by insufficient replacement of mining machinery since the beginning of the war.

The effects of this are felt in the price of its coal, which is currently fixed at 650 francs for the best industrial quality — that of coking smalls — whereas the price is only around 450 francs in Germany, and still lower in Great Britain and the United States.

There was therefore some concern in industrial circles at the prospect of Belgian coal mines being exposed to competition from mines in the rest of Europe. It should be noted, however, that Belgium need not necessarily price its coal at the same level as that of Germany or Britain. Coal has traditionally been more expensive here than elsewhere. The industrial economy of Belgium is therefore able to bear a surcharge, which it regards as the equivalent of an insurance premium against times of penury.

Thus Belgian representatives and experts have followed the evolution of the Schuman Plan sympathetically, but also with some reservations. The latter have been strengthened recently by two sets of circumstances.

Two causes for concern.

Firstly, the industrial situation, and principally the situation in the coal industry, has evolved considerably over the last ten months. The promoters of the Schuman Plan seem to have foreseen above all a state of overproduction, which was admittedly a threat, when the Plan was drawn up. Now, however, we find ourselves in a phase where there are shortages, and Belgium is very pleased that it kept its entire capacity for coal production intact. This is exploited to the maximum, and Belgian industry buys supplementary fuel supplies from the United States, which costs it extremely dear. As a result, it is pleased that the Schuman Plan has not been in operation over the past few years, for it would probably have been obliged to abandon the less favoured deposits, which it now exploits and from which it derives extra output that comes just at the right time.

The second factor that has increased reservations in Belgium lies in the dirigiste policy that appears to dominate the Schuman Plan. The powers given to the 'High Authority' seem exorbitant and a danger for the country. One can find here a trace of the hostility that Belgium feels towards dirigisme, and of its traditional

mistrust of State intervention. The State itself is disinclined to take responsibility for a task which it does not think is clearly incumbent on it.

According to the plans as currently proposed, the countries that are members of the coal and steel pool would have the possibility of appeal, but this could only have a very limited impact. What is more, it appears that once one puts a finger in the cogs of the regulatory machine, there is a risk that the whole body will follow. For instance, having regulated steel production, it was almost inevitable that the pool should extend its remit to the transformation of metal, and even to its use in mechanical construction.

Belgian industry is used to a system that is extremely flexible and it adapts poorly to administrative regulation. The country's successful expansion may in large measure be attributed to the fact that its industrialists have been able to take advantage of the very slimmest of opportunities that occur on the international markets. One wonders whether it will be possible to pursue this policy under the intrinsically unwieldy administrative system that the coal and steel pool will require.

Concern is especially strong in coal-mining circles, whose delicate position we have already described. The estimation is that the average price of all types of coal, which is at present around 700 francs per tonne, should be lowered to 500 francs, so as to be practically at parity with German coal.

However, it has been stated that, with or without the Schuman Plan, the Belgian coal industry will have to lower its cost prices significantly. This movement is under way, for production per worker per day has increased over the past year from 680 to 750 kilos. Further progress is anticipated. In parallel, however, wage increases have resumed, so much so that the disparity with respect to production costs abroad is only being marginally reduced.

Yet one cannot see how, even by increasing workers' output as much as is humanly possible, one could ever reduce the price of industrial coal by a third — which is what would be necessary. It seems that even the abandonment of marginal mines would not be able to achieve this. Some are perhaps hoping for a change in currency parities; but independently of all the objections that this manoeuvre raises, it must be said that in Belgium it would only be worthwhile for coal. The other industries manage to bear the high level of wages presently in force in the country without major drawbacks.

Guarantees and adjustments necessary.

As one can see, the Schuman Plan gives rise to apprehension in Belgium, but nonetheless the decision has been taken to try it out, so long as essential guarantees are provided for the countries taking part. These guarantees are necessary if the Belgian Parliament is to ratify the plan in the form in which it left the hands of the experts, who have already initialled it.

Moreover the conviction exists that such a plan could not lead to the destruction of an important sector of the economy of one of the member countries. It is believed that the Schuman Plan will only work on condition that it includes the necessary adjustments, and also if it is aided to a reasonable extent by events. Its implementation will therefore have to be gradual, and will have to proceed at a speed that depends on international circumstances.

Belgium's attitude is based on certain experiments, some of which exceeded all expectations, whereas others had to be abandoned for unforeseeable reasons. In this area, as in the question of Benelux, prejudices must be excluded, and one must learn to take certain risks, so long as they are measured, or 'calculated' as the Americans say.

As for the rest, despite the reservations that we have pointed out, Belgium strongly desires that by these means one can make real progress towards European unification, from which it expects the best of results, and for which it is convinced it must cooperate with all its might.