

CHAPTER III

FOREIGN EXAMPLES OF READAPTATION

Readaptation to economic change is not a new phenomenon, nor is the idea peculiarly suited to the United States alone. In Europe, in the course of steps being taken toward economic integration, readaptation has been adopted as an essential corollary to the program of changing national market and industrial structures of the participants in the Benelux Economic Union, the European Coal and Steel Community, and the European Common Market. This chapter gives a quick survey of some of the relevant provisions and a short evaluation of the program's operation.

READAPTATION IN BENELUX

Benelux was formally started in the fall of 1944 with the signing of a customs convention between Holland and the Belgium-Luxembourg Economic Union. But not for almost a decade was it felt necessary to assist firms which had to carry the main burden of adjusting to changes in the policy of protection against foreign competition.¹ In 1953 agreement was reached on setting up a joint readaptation fund designed to provide temporary financial help to such firms with a view to raising their productivity.² A capital fund was set up, subscribed in equal halves by the Netherlands Government, and by the Governments of Belgium and Luxembourg. It provided loans to the affected industries to help them make the necessary adjustments. It was also agreed that the proceeds from any special charges levied on the trade among the three Benelux countries as a means for temporary protection (other than on agricultural products) should be paid into the Benelux Fund for Readaptation. The functions of the Fund, as prescribed by article 2 of the agreement, must not include direct subsidies to the enterprises eligible for assistance, but rather special readaptation credits, at low rates of interest. The Fund is also empowered to finance studies and research tending toward an amalgamation of certain of the affected enterprises with a view to increasing their productivity.³

The agreement on the Readaptation Fund was preceded by an agreement signed at The Hague on July 24, 1953, which among other matters dealt with the problem of granting special temporary assistance to particular branches of industry which might be badly hit by the processes of adjustment required from time to time by the main-

¹ Robertson, W., "Benelux and Problems of Economic Integration," *Oxford Economic Papers*, N.S., vol. 8, No. 1 (February 1956), p. 50.

² The agreement was signed in Brussels on Nov. 16, 1953, but not ratified for another 3 years. For the text of the agreement, see "Moniteur Belge," Aug. 12, 1956, pp. 5416-5418. See also Meade, James E., "Negotiations for Benelux: An Annotated Chronicle, 1943-56" *Princeton Studies in International Finance*, No. 6, 1957, p. 66.

³ "Moniteur Belge," loc. cit.