READAPTATION AND EUROPEAN COMMON MARKET

The so-called Spaak report,[10] which forms the basis for the treaty for the European Common Market, signed in Rome on March 25, 1957, provided for a retraining fund or social fund. According to the report, the purpose of retraining workers is to facilitate conversion of industry made necessary by economic progress. Retraining would afford them protection against the risks accompanying conversion, and would reconcile necessary mobility with stable employment. Due provisions must also be made for the inevitable change entailed by the conversion from a Common Market limited to coal and steel to a general Common Market. Grants for unemployment relief in the various countries must be harmonized, taking into account the principle of retraining.

The retraining fund is to be financed by contributions from member states. Contributions are to be based on the total amount of wages and social security benefits paid in each country. Payments from the fund would not require proof that unemployment was due to the setting up of a Common Market. It would be assumed that the Community as a whole, as well as each state, would be interested in progressive structural changes in industry, in rationalization of enterprises, and in a better use of manpower for the purpose of increasing productivity and raising the standard of living. This interest would justify sharing in the expenditure necessary to protect workers against risks connected with the conversion.

During the transition period, the fund would meet up to 50 percent of the expenditure incurred in connection with cases and objectives agreed on in advance. Contributions would be made available for retraining workers for resettlement of workers, and for payments to workers temporarily unemployed or on short time due to conversion of a plant to other production. The length of the transition period is to be broken down into three stages of 4 years each, extendable within a 15-year overall maximum. Detailed provision for administering the transition period are spelled out in the treaty.[11]

The provision for assisting labor and industry to adapt to the new situation created by the elimination of trade barriers—

> is not the traditional American concept of a free market, but rather than of a "supervised" market with central institutions to insure fair play and to promote common policies, and endowed with funds to assist the transitional process and to alleviate hardship * * *.[12]

EVALUATION

Without going into detail on the efficacy of readjustment measures in Europe, it must be noted that application of readaptation measures in some instances have been less than effective because some of the national governments as well as industrial interests involved in the European Coal and Steel Community, for example, have, in effect,

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[10] "Report Prepared by the Heads of Delegations of the Intergovernmental Committee Set up by the Messina Conference to the Ministries of Foreign Affairs," OEEC Document C(56) 215, Aug. 28, 1956 (mimeographed), pp. 64–67.

[11] For a summary of these provisions, see Camps, Miriam, "The European Common Market and American Policy," memorandum No. 11, Center of International Studies, Princeton University, Nov. 28, 1956, pp. XVII–XIX.

[12] Camps, loc. cit., p. 8.