

EUROPEAN COAL AND STEEL COMMUNITY

C O M M O N A S S E M B L Y

Ordinary Session, 1954

ADDRESS BY MR. JEAN MONNET,
PRESIDENT OF THE HIGH AUTHORITY.

Session of Wednesday, May 12, at 4 p.m.

Our Coal and Steel Community is now a reality.

During these past twelve months, our institutions have pursued their various tasks, and the common market is in a continuous process of development. This is the beginning of Europe.

Our experience has shown that it is possible to create Europe, and that the way to do it is to pool our resources and to create common institutions by transferring sovereignty to them and granting them the power of decision.

In accordance with the rules laid down by the Treaty, the High Authority today submits a report of the progress made during the past year to your sovereign Assembly.

I.

Since last year's ordinary session, our method of consulting with the interested parties, the governments, and the Assembly itself has been further developed and has proved its value.

The decisions taken by the High Authority have been applied by the governments and the enterprises in our six countries. Appeals have been lodged against some of them, and the Court has been confirmed as the highest tribunal ensuring the rule of law in the Community. The appeals which are lodged before it at this moment concern essential decisions of the High Authority. At the request of the French and Italian Governments, the Court must give a ruling on the decision regarding steel prices and, at the request of the Dutch Government, on decisions relative to coal prices.

These appeals clearly reveal one of the fundamental changes which our Community is making in the life of Europe. Instead of the governments themselves laying down the law, they submit their problems to the judgment of a common and sovereign institution.

After the tentative methods that were necessary at the beginning, the High Authority and the Council have now found a form of cooperation which effectively ensures real harmony between the development of the Community and that of the other sectors of our economies which remain under national control.

The Assembly and its committees have played an ever more important role. Because it is fully conscious of this, the High Authority would propose to the Assembly that a supplementary session be held this autumn in order that whole six months may not pass without direct contact between the High Authority and the full Assembly.

The administration of the Community may now be followed in detail by everyone. Last January, you received a statement of expenditures made during the first six months of the year, that is, before the fiscal year was even at an end. The Auditor's report on the fiscal year 1952/1953 has also been submitted to you. Such a detailed and timely accounting for public expenses does not exist in any one of our countries.

During this period in which the institutions of our Community were being consolidated, we have proposed to the British Government that negotiations be opened concerning the form which the intimate and lasting association between the Community and the United Kingdom should take. The British Government has replied to our offer with an invitation to visit London for preliminary talks for the purpose of laying the basis for constructive negotiations and for the permanent practical collaboration which is to be established between us. We have accepted this invitation.

II.

The reality we have created through the establishment of the common market for coal and steel is, indeed, the first real integration in Europe of economies which hitherto were separate and divided.

This common market signifies, first at all, the removal of all barriers and of all obstacles so that every buyer in this Community of 160 million inhabitants, may obtain his supplies freely wherever he can buy them on the most advantageous terms.

It also signifies the elimination of all those discriminations which create artificial inequalities in the relations between producers and consumers.

It furthermore signifies the establishment of marketing and financing conditions which will lead to improvements in production resulting in a higher standard of living.

It represents, finally, the measures undertaken to ensure continuity of employment and to protect the worker against the burdens and risks that come with the changes which are necessary for progress.

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In order to eliminate all obstacles to trade, it was necessary to take comprehensive action and to continue to move forward courageously.

The Community has not only abolished quotas, but with the same stroke, eliminated custom duties and currency restrictions.

Dual prices which distorted competition between consumers and hindered the development of production itself, were immediately abolished for coal and steel.

As regards steel, the High Authority has taken decisions which, while making the rules concerning publication more flexible, re-established in full force all the obligations concerning non-discrimination laid down by the Treaty.

The subsidies and special charges which had been authorized by the High Authority on a temporary basis, have been abolished or reduced sooner than had been envisaged when the common market was introduced.

The special charges imposed on German coal have been eliminated. As a first step, the High Authority has eliminated part of the subsidies for coal paid by the French Government. In the Netherlands, the compensation scheme has been in large part abolished by the Netherlands' Government itself, and the High Authority has announced that, before September 30, it will examine those compensation provisions which are still in operation.

With regard to Belgian coal for which a special system is in force, the High Authority, jointly with the Belgian Government, has undertaken a study of the overall situation with a view to ensuring that the methods of compensation will in fact lead to the definitive integration of the Belgian coalmining industry into the common market within the periods laid down.

In the steel sector, the German compensation scheme for deliveries beyond 220 kilometres has since September 15, 1953, been re-organized so as to end discrimination between national and foreign producers.

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Transport rates were once barriers quite as effective as customs duties, dual prices or subsidies.

All discriminations in railway tariffs which have been brought to the attention of the High Authority, have been eliminated, without exception. These changes affect a traffic of 45 million metric tons per annum, or 15 % of the total traffic in Community products.

The second stage of the High Authority's action in the transport field is concerned with inland water transport and the creation of international through rates.

The High Authority has requested the Ministers of Transport to meet and to undertake common action without delay.

Before May 15, the Commission of experts set up by the Treaty must submit its recommendations as to how existing problems shall be solved.

The resolution adopted by the six Transport Ministers leads us to believe that the common good will of the States will produce results without having to wait until next October.

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Another barrier is added to those set up by the States by means of customs duties and quotas, price policies and transport tariffs--namely,--that created by the enterprises operating together through cartels.

There can be no real common market on the basis of prices fixed by national organizations, let alone on the basis of buying and selling which is centralized through national organizations.

Elimination of these obstacles to competition has also begun. The High Authority had fixed August 31, 1954, as the date for the entry into effect of the prohibitions of Article 65 of the Treaty in respect of agreements, except those for purposes of specialization, and joint buying and selling for which the enterprises have requested authorization from the High Authority.

As regards coal, the High Authority has studied the requests for authorization made by some organizations.

It has ascertained that some of these organizations or certain of their activities are contrary to the provisions of the Treaty.

It is for this reason that the High Authority is this week calling upon these organizations, or, in cases where they operate under national governmental regulations, to the governments themselves, to open the necessary discussions concerning the liquidation or reorganization of activities incompatible with the Treaty.

With every measure it takes, the High Authority is firmly resolved to concern itself most particularly with the repercussions such measures may have on manpower. The measures which the High Authority will have to take will affect organizations in several countries and will be initiated simultaneously.

The present selling system in the Ruhr where a single organization controls six selling agencies, cannot be authorized within the provisions of Article 65 of the Treaty.

Certain activities of the Comptoir belge des Charbons (Belgian coal selling agency) are likewise not in accordance with the provisions of the Treaty.

Moreover, the High Authority is getting in touch with the French Government concerning the measures to be taken with regard to the regulations under which the ATIC conducts its activities.

Time is necessary in applying these measures, and while waiting for them to produce their results, the High Authority feels that it cannot free coal prices in the major coalfields of the Community.

In the absence of real freedom in the operation of the market itself, the abolition of maximum prices would not have resulted in really freeing prices, but in giving power to fix prices to organizations which evade the competition provided for by the Treaty.

As regards steel, the decisions taken last January aim at making it impossible for cartels to operate by setting up a system which forces enterprises to adjust their price-schedules individually.

With respect to the application of Article 66 relative to concentrations, the High Authority has just passed, and published, the three regulations which constitute, in fact, the methods of enforcing the first European anti-trust law.

The agreement of the Council of Ministers, which was necessary for one of these regulations, was given unanimously.

Finally, the High Authority is conducting a general inquiry into enterprises which occupy a dominant position within the market. In the course of this study, it will examine particularly the operation of the Charbonnages de France in terms of the provisions of Article 66, No. 7 .

There is yet another barrier which must be eliminated: the obstacle to the free movement of the manpower working in our industries.

Preliminary work has resulted in certain solutions to this problem, and these results are now to be submitted to an intergovernmental conference which opens next week.

We appeal to all the governments, employers and workers to face this major problem without reservations and with an open mind.

We know very well, and they must understand us we do, that movements of labour between our six countries will not be on a very large scale : too many habits, too many personal attachments oppose such movements. But if the equal progress towards a better standard of living which the Treaty promises is to be achieved, these movements of labour must be made possible, and workers must know that they can seek better paid work elsewhere.

And the Treaty itself, through provisions which forbid the lowering of wages and exclude any discriminations among workers, has provided safeguards which will prevent a rush of new workers adversely affecting the wage level in regions where conditions are more advantageous.

By eliminating this barrier, we shall make sure that competition on the common market makes its contribution towards raising the standard of living of the workers.

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What is the situation now that the common market has been in operation one year? Trade between our six countries has increased, and the Community has made the readjustment, which was inevitable after the exceptional demand caused by the Korean War without suffering any crisis.

Price reductions brought about by competition on the steel market and then further facilitated by the fall in the delivered prices of iron-ore, scrap and coke, have contributed to the revival of business. Orders increased from an average of less than 2 million metric tons of finished products per month for the first three quarters of 1953, to almost 2½ million tons during the first four months of 1954.

For the first time in more than a year, the tonnage of orders placed exceeds that of deliveries from the works.

In 1953, coal production of the Community was maintained at a level only less than 1 % lower than the high level of 1952. Trade between Community countries has intensified. Imports have been greatly reduced, exports stepped up, but pithead stocks have increased considerably.

However, the coal market situation and its long-term development within the Community represent the very problem with which the High Authority is concerned. The consumption of crude oil products is increasing from year to year; technical progress constantly leads to new economic in fuel consumption.

This problem is vital and urgent: coal must be made an economical source of energy by lowering costs through the modernization and rationalization of existing plants and the valorization of products which can be achieved by the development of coking plants and power stations.

IV.

While the coal and steel resources of our six countries were being pooled, the Community began to create the new conditions in which future development will take place.

The consumer must have the assurance that the products he is offered are constantly being improved.

The producer must be continually urged to lower his costs and improve his production.

Finally, the worker should know that progress and the changes which it entails do not threaten the stability of his employment.

Two essential actions are now under way : one with regard to setting up a re-adaptation scheme, the other with regard to investments and financing.

The gradual substitution of improved production units for less economic ones is one of the essential results of this common market, one of the paramount conditions for that development of productivity which governs the raising of the living standard.

But the changes necessary for progress are more readily accepted if they take place without shocks, because labour is then safeguarded from the burdens and risks which they bring in their train.

The High Authority is already studying jointly with several of the governments, the problems of changes in production and of re-employment of labour which are arising in various countries.

The first application of the re-adaptation scheme is already under way in favour of French coal miners from the Centre-Midi.

I would like to stress here that this action was examined in detail, and is now being carried through, with the close cooperation of the workers themselves.

The workers forced to change their employment will receive substantial re-settlement in allowances; they will have their moving expenses paid, and will be assured both housing and more productive employment.

This is an unprecedented contribution to social policy, protection of employment and improvement of the living standard.

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On April 23 last, our negotiations with the American Government, were concluded by the signature of a Loan Agreement between the Government of the United States and the High Authority. Several provisions of this Agreement are worth underlining.

The conclusion of this loan is, above all, an obvious recognition of the credit of our institutions:

the political credit of the Community as a whole, and the financial credit of the High Authority which from the very beginning had declared that its levy policy would lead to establishing the bases of a new European credit which would bring benefits to the Community's enterprises such as they could not obtain individually.

The financial terms of the loan granted by the American Government furnish proof of the reality of this credit. The interest rate and the amortization period are better than any other foreign borrower has obtained in the United States within the last two years.

This agreement does not mean the end of our negotiations with the American Government - it is merely the completion of one stage. The negotiations will continue with a view to finding, through common efforts, new methods by which, with the assistance of the United States Government, private capital can be mobilized for the Community's coal and steel investments.

The High Authority is now in a position to make an effective contribution to the enterprises in the financing of their investments. It intends to do so either by borrowing directly and relending the borrowed funds to the enterprises, or by guaranteeing loans contracted directly by the enterprises themselves. This first phase of its activity will take up only a limited part of the guaranty fund which the High Authority is gradually building up with the proceeds from the levy. The High Authority hopes, in particular, that while the American loan, which is earmarked for the raw material sectors, is being allocated, it can utilize in Europe, another part of its financial capacity for the benefit of the iron and steel industry.

The High Authority is now actively concerned with finalizing the terms under which it will grant loans and guarantees, as well as the criteria which will guide it in its financial operations. It has already considered it advisable to set aside, in any case, a substantial portion of the loan which has just been granted for financing the construction of housing for the Community's miners. It has decided in principle to earmark £ 25 million for this purpose. On the supposition that the financial contribution of the High Authority represent one quarter of the cost of financing the programmes in question, this amount means that from 20 to 25,000 housing units can be started at once within the Community.

Thus, the first steps towards the creation of Europe are bringing to all our countries benefits which no single one of them was able to obtain alone - the basis of new credit, more favourable financing terms, a more productive use of resources.

Everyone can now see that our experiment has produced results. The way to make Europe, I want to repeat here, is to pool resources, create common institutions by transferring sovereignty to them and granting them the power of decision and to set up common rules which apply equally to all, and a common ideal of freedom and social progress.

In the final analysis, this beginning of Europe has been less difficult than a good many people believed it would be. In less than two years, it has produced tangible results without the catastrophes which were sometimes predicted.

There is only a limited number of adjustments that must be made - there are, after all, no great differences in the ways of life in the countries of Western Europe. There are, in fact, greater differences within each one of our countries than there are between the countries of the Community.

It is only the fear of change which is holding us back. And yet, the welfare of us all depends upon this change.

Surrounded by the United States which alone account for half of the world production, a Russia in progress and Asia on the move, how could Europe possibly hope to escape from the necessity to change?

We can only choose between changes which move us about like puppets and changes which we ourselves can foresee and achieve.

At this moment, when the peoples of Europe are looking to their future with a feeling of uncertainty and concern, the High Authority asks your Assembly to give them the message that the unity of Europe, with all the hopes it brings with it, is possible and that it is being achieved.