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Speech Given by Albert Coppé,  
Vice President of the European Community for Coal and Steel  
at the National Press Club, Washington, D.C.,  
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It is a particular pleasure for me to speak before members of the National Press Club. I know that as a forum of journalists you are tough-minded and objective observers of world affairs.

The subject I want to talk about today is the problem of Europe, as it presents itself to men of our generation: the problem of unity.

There is nothing new about European unity as an ideal. We Europeans have talked about it since the time of Charlemagne. Yet a divided Europe has remained the breeding ground for wars, growing out of national ambitions, rivalries, and restrictions. This historic division of Europe into small national units is a political and economic anachronism today.

Perhaps you wonder why twentieth-century Europe cannot quickly repeat the experience of eighteenth-century America and unite under a federal

government. If we were able to ignore our past and escape from the complexities of a modern industrial age, the problem might lend itself to an easier solution.

But because we cannot escape from our past or our present, we cannot unite Europe overnight. What we are doing is to move along the paths toward unity that are open to us. We shall work with patience and tenacity until we arrive at the full economic and, ultimately, political integration of Europe.

In the past twenty years we in Europe have been aware that we were not able to solve the problems of our continent because the framework within which we had been working was no longer in keeping with our times.

Looking at the economy of Europe, we saw that each country produced primarily for its own national market, comprising from ten to 45 million people. All of us, especially the youth, had become painfully aware that free Europe was failing to keep pace either with the United States or with the Soviet Union. Free Europe's share of the world's production declined from 46 per cent in 1913 to 29 per cent in 1952. It was evident that industrial progress and a rise in the standard of living depended upon the creation of broader markets. This alone could enable industry to take full advantage of modern techniques, increase productivity, and reduce real prices to consumers.

Europeans realized that they needed a new goal and new institutions to cope with the problem. This awareness inspired two great Frenchmen, Robert Schuman and Jean Monnet, to propose what has since become the European Community for Coal and Steel. In May, 1950, Mr. Schuman proposed the pooling on Europe's coal and steel resources with three objectives: first, to make

war between France and Germany materially impossible; second, to improve and expand the economies of Europe and raise the standard of living by means of a common market of 160 million consumers; and third, to provide an institutional example and nucleus for the eventual full federation of Europe.

Mr. Monnet did more than any other single person to persuade six European governments -- Belgium, France, West Germany, Italy, Luxembourg, and the Netherlands -- that the plan had to be adopted. A British weekly has characterized Mr. Monnet as a man with "an uncanny knack of keeping his head in the clouds and his feet firmly on the ground". The Community was very largely his idea. Europe owes a great debt to Schuman and Monnet.

At the Schuman Plan Treaty conference in 1951, as in the Constitutional Convention of 1787 in your country, the national states delegated certain of their powers to new federal institutions. The thought of such a concession alarmed many Europeans, but the promise of unity was a compelling force. By the middle of 1952 all six member governments had ratified the Treaty establishing the European Community for Coal and Steel.

Probably most of you know how the Community works. Its executive branch is a High Authority of nine members of which Mr. Monnet is President and Mr. Franz Etzel of Germany and I are Vice-Presidents. The High Authority has been responsible for seeing to the establishment of a single market for coal and steel throughout the territory of the Community, a market without customs duties, quotas, or other barriers to trade. Our main task is to make sure that conditions are created and maintained which will permit the free and fair play of competition. The Community's institutions do not own or operate steel mills or coal mines. Nor do they interfere with the existing system of ownership, whether public or private.

Although the High Authority can enforce its decisions by fines, it seeks so far as possible to bring about compliance by public disclosure of facts, discussion and persuasion. Before making important decisions, it reviews proposed action with the 51-man Consultative Committee, composed of representatives of all interested groups -- producers, workers, consumers, and distributors.

As the executive of a sovereign community, the High Authority is directly responsible not to member governments but to the Community's parliamentary body, the Common Assembly. The situation is roughly analogous to your constitutional system, where your federal government is answerable to the American people through Congress but not through the governments of the 48 states. The Common Assembly holds three or four sessions a year to review the actions of the High Authority. If it disapproves, it may by a vote of censure oust the High Authority in a body.

The 78 delegates to the Assembly are elected from and by the six national parliaments and are apportioned in rough relation to population and importance of the coal and steel industries in each country. They reflect all aspects of western European political thinking except Communist. In the debates of the Common Assembly, national political identities already are beginning to fade. Parliamentarians gather in their own party caucuses - Christian Social, Socialist, or Liberal - and discuss problems from the viewpoint of their European parties rather than their national states.

The Community's Court of Justice, composed of seven judges appointed for six-year terms, is Europe's first Federal Court. Within the scope of its jurisdiction, it supplants the national courts of the member countries. Its judgments are final. The Court already has given judgment for and against

the High Authority on different appeals, and other cases are now pending. As precedents accumulate, the Court is beginning to develop its own case law, based upon interpretations of the Treaty.

In addition, there is a Council of Ministers from the member governments. The Council functions to ensure harmony between the policies of the High Authority and the policies of the member states. While retaining its power and duty of decision, the High Authority has made it a rule to discuss with the Council all matters of interest to the member governments. On some matters, the High Authority and the Council of Ministers are required by the Treaty to act jointly.

We say that the Community is "supranational". It differs from international organizations because its institutions are federal and sovereign. For instance:

They can act without obtaining the prior approval of member states;

The High Authority's decisions are binding upon the coal and steel firms of the member nations without having to be embodied in national legislation or decrees;

The High Authority collects taxes directly from its citizens -- the coal and steel enterprises -- without the intervention of national governments;

It has power to enforce its decisions directly against enterprises and fine those enterprises that violate community rules;

It is responsible for its policies not to the national states but to the Common Assembly;

Finally, the Court of Justice can render judgments that are conclusive and binding on all parties within the Community including the High Authority and the member governments.

Member governments are expressly bound to respect the supranational character of the Community and not to seek to influence the members of the High Authority.

Today I should like to consider with you not merely the specific day-to-day problems of coal and steel but, even more, what our experiment in limited integration means for the future of European unification.

I have said that ours is a limited integration. It was not easy to get our parliaments to accept the principle of partial integration. Imagine, if you can, what the reaction would be in your country, to a plan to create a single market for the petroleum and mining industries of all North and South America -- without making any other change. We were told that limited integration was an economic impossibility, that supranational regulation of coal and steel would be paralyzed by separate national policies in labor relations, taxation, social security, currency, and foreign affairs.

But we preferred, in Mr. Schuman's phrase, to "make substantial progress along a limited but substantial front" rather than range along a broad front making no progress at all. The four commodities -- coal, steel, iron ore, and scrap -- are basic to Europe's economic system. They represent ten to fifteen per cent of the industrial production of our countries and five to seven per cent of their gross national product, and provide employment for one million, four hundred thousand workers.

Today, after two and a half years of experience, it is obvious that partial integration has not failed. Indeed, it has produced spectacular results.

Barely two years after the establishment of the single market for coal and steel, cross-frontier coal trade within the Community rose by

50 per cent, and steel trade by 160 per cent. Cross-frontier trade in scrap tripled since 1952, and for iron ore it increased by 15 per cent.

These do not represent increases in marginal volumes of trade. Remember that trade in these four commodities accounts for one-fourth of the total trade among the six nations of the Community.

Three years ago, if an economist had been bold enough to predict that when the United States underwent what you call a "rolling readjustment", the European economy would remain unaffected, no one would have believed him. If he had gone on to predict that while the United States was still readjusting, Europe would enter upon an economic boom, he would have been laughed at. Yet this is what happened in 1954.

I freely acknowledge that this was partly due to the activities of the European Payments Union and the Organization for European Economic Cooperation, but it was also due in large part to the existence and work of the Community: for the single market helped maintain production during the slight recession of 1953, just as it helped to restrain prices once the boom started. Community demand for both coal and steel reached record levels in 1954, yet steel prices are, on the whole, somewhat lower than they were at the opening of the single market.

Increased competition generated by the creation of the single market compelled and still is compelling firms to modernize and to increase their rate of investment. Between 1952 and 1954 capital expenditures in the coal, steel, and iron ore industries increased by 16 percent or two hundred million dollars, and the capital expenditure certainly will be higher by 1955. The High Authority is contributing to the stimulation of investment by relending the 100-million-dollar loan obtained last year from the

United States Export-Import bank. This loan has served as a catalyst to help draw out private long-term capital in Europe.

The incentive to modernize, created by competition in the single market, did not exist in the same measure in closed national markets. In addition, in some of these markets competition had been stifled by cartels.

The European Coal and Steel Community Treaty contains Europe's first anticartel law. The Treaty forbids all agreements among producers or distributors tending to restrict competition. In fact all parties to agreements are required to establish to the satisfaction of the High Authority not only that the agreements are not restrictive but also that they serve certain positive purposes such as the specialization of production or distribution. We on the High Authority are determined to prevent cartels from restricting production, fixing prices, or apportioning markets. However, because parties to existing agreements are now reviewing them with the High Authority it would not be proper for me to dwell on this subject. To those who complain that the Community has failed to act against the cartels, I would say: wait one or two months and you will certainly see action.

One fear, expressed before the Community got under way, was that within a single market in coal and steel some of the Community countries would become absolute beneficiaries, and others absolute losers. Experience has shown, however, that all countries of the Community have gained.

Luxembourg, for instance, exports most of its steel; with the establishment of the single market, it is assured that its exports will not be excluded from France or Germany or suffer from discrimination on those markets. France gains a wider market for its steel exports in Southern Germany; and French coal consumers can obtain coal from Germany without

discrimination. Italy produces almost no coal, but gains from the single market as a steel producer and particularly as a large industrial consumer of scrap. Germany gains by being assured of a large market for the coal produced in the Ruhr. And so on.

Another fear that has proved groundless was that partial integration would be impossible in countries with different tax, wage, and social security structures.

The High Authority has been studying this question and preparing breakdowns showing how wages differ not only between countries but also between industries of the same country and even within the same industry in one country. When our studies are completed, we expect to find that wage levels differ as much within a single country as they do from one country to another, a fact of which the governments of the member countries appeared to be completely unaware.

The Community's record over the past two and a half years has caused a number of its former critics to change their minds. In the Common Assembly, for example, a French deputy who had voted in his own national parliament against the establishment of the Community recently called for an extension of the Community's powers. He had changed his mind after seeing how the steel consumers in his constituency benefited from the common market.

After the rejection of the EDC, prominent Belgian coal and steel producers rang me up to promise their continuing support for our institutions. Afterwards, I learned that some of my colleagues on the High Authority had received similar messages from coal and steel producers of the other member nations.

The free trade unions reacted in the same way: for instance, the

Interessengemeinschaft Metall, the powerful German steelworkers' union, on September 23 last year passed a resolution stating that after the setback to European integration caused by the rejection of the EDC, the union insisted that in the future, European policy should stress further economic integration.

Last year, too, the president of the Belgian steel federation came out unreservedly for integration and a supranational executive, rather than for mere international cooperation.

The knowledge that there is no longer any fear lest customs duties be reimposed and restrictions return to the coal and steel market has not only given fresh incentive to investment and modernization. It is also helping to solve certain problems which had come to be regarded as insoluble.

Let me give you an example, a personal one this time: before 1950, when I was Minister of Economic Affairs in Belgium, I, like my predecessors, ordered subsidies paid to marginal coal mines. I recognized at the time that this was economically unsound, but, under pressure from all political parties, including my own, and in the national economic framework, there was no other solution. We dared not close down mines because, in Belgium, we could never be entirely sure of sufficient coal supplies for our own needs.

Why are we now able to tackle the problem of marginal mines in a way that promises an ultimate solution? First, because each government now finds itself under pressure, either from the five other Community countries or from the High Authority, to approach its problems and to deal with public opinion with courage and frankness. Second, each country is sure of its supplies and knows that restrictive trade measures have gone for good.

Third, the Community itself can contribute by assuming part of the financial burden of modernization. In the words of M. Schuman, the supranational is really at the service of the national.

The Community has proved also that state intervention is less necessary in a large market than in a closed, protected one. For example, we no longer have price ceilings on steel, which had been in force in most member countries for the past fifteen years; similarly, we have almost entirely freed the price of coal; and the consumer has not suffered.

In the past, the fear of unemployment often has hindered economic progress in Europe by retaining old-fashioned production units and methods. Not only have we done much to diminish this fear, but we also have managed to win the confidence of the workers and arouse their interest in European unification. The free trade unions are closely associated with the High Authority. They sit on the Consultative Committee in equal numbers with producers and consumers; two of my colleagues on the High Authority are prominent trade-union leaders.

We also are making a frontal attack on the problem posed by the desire for stability and the need for progress. In the first place, the High Authority is granting financial aid to workers whose firms, under the pressure of competition, are reorganizing and modernizing their plants. It is helping to resettle volunteer miners who wish to move from the high-cost mines of Southern France to the high-wage coalfields of Lorraine. The Italian and Belgian governments are also submitting requests for large-scale financial aid to help resettle and retrain several thousand workers.

In the second place, the High Authority is doing something about miners' housing. It already has spent a million dollars experimenting on

the construction of good, inexpensive houses for miners. Eventually it will spend at least \$25 million on workers' homes, so that it will be easier for workers to move to high-productivity areas.

What strikes me most about our work in the past two and a half years is that in spite of the complications and difficulties arising from six countries, four official languages, and different traditions, everything is much simpler than many people thought it would be. The Community has demonstrated that officials and specialists can work selflessly for an ideal which is not national but European. These people, with diverse backgrounds and callings, have come to know one another better, to appreciate one another's point of view, and to speak the same professional language.

Perhaps I can illustrate the spirit of the High Authority for you. In our Transport Division, the Director is German and the Assistant Director is French. Before they came to the High Authority, they were senior railway officials in their respective countries, and their jobs included the task of applying -- and even inventing -- national discriminations in coal and steel transport. Since they came to our staff, they have both been remarkably successful in doing away with these discriminations. Now they are inseparable allies.

I myself have been a minister three times in Belgium. It is my experience that after a few months it is no more difficult to work with eight colleagues of my own and five other nationalities than it is to work with fifteen colleagues of the same party in the same country.

Whenever Europeans work together, their tendency is to advance further, not to go backwards or even remain at a standstill. Every step is on a one-way road towards European integration. There is no return ticket. Bit by bit this conviction spreads.

You may ask, "What happens tomorrow?" First of all, I think that each new generation is more European than the preceding generation, to such a point that the coming generation will probably fail to understand our difficulties and hesitations.

The success of the European Coal and Steel Community, the first concrete European solution to economic problems, has led certain governments to consider integration in other fields as the natural and proper extension of the Community. Mr. Edgar Faure, the French Prime Minister, said recently that the Community was functioning well and had not disappointed the hopes placed in it. "It proves," he went on to say, "that there is room for a series of institutions which, added one to another, will make a 'functional Europe'." Industrialists and trade unionists also have been inspired by our example to consider integration in other fields.

In my view as an economist, it is perfectly possible now to extend integration, on the model achieved for coal and steel, to transport and energy, just as it is perfectly possible to extend for all six countries of the Community the customs union that already exists among Belgium, the Netherlands, and Luxembourg.

We are really only just beginning to consider our economic problems, and their solution, in a European context. For instance, except for Holland all our railways run at a loss. We were ourselves surprised to learn that in 1953 the losses of the Community's railways totaled \$600 million a year -- roughly 16 per cent of their turnover -- which had to be met from the national budgets. Our civil airlines also lost money, in spite of the fact that they benefited from indirect subsidies in the shape of tax exemptions.

As for energy, we know that the industrial use of atomic energy will not be feasible in our small, sectionalized economies. Here is a sector where the nations of Europe, unless they pool their resources, will play a totally insignificant part and will be incapable of keeping step with the other nations of the world, perhaps including even the nations of Southeast Asia.

As far as the political integration of Europe is concerned, we must recognize that there have been temporary setbacks. But, despite the rejection of EDC, I do not believe that the idea of political integration is dead, or that economic integration can be anything but a stepping-stone to the political goal. History will record that Western Europe changed more in the few years after the Second World War than in the thirty years that went before it, and that the change has been in the direction of unity. Our impatience -- and American impatience at what seems to us a slow process, as we watch it day by day -- may well be unfounded.

I have suggested several ways in which the European Coal and Steel Community can expand functionally. There is no reason why it cannot also expand geographically. Under the Treaty, membership in the Community is open to any European state upon the consent of all the member states.

You in the United States can help further the unity of Europe. First of all, keep up your interest in what happens in Europe. We are greatly helped by your understanding, your encouragement, and your patience -- sometimes, even, by your impatience. Second, you can help us by the day-to-day contacts that an increasing number of Europeans have been privileged to have with you. Since the War, politicians, businessmen, and trade-unionists from Europe have been invited to the United States and have learned

something of the American way of life. You cannot imagine how great an effect this has had. If many of us have acquired a new outlook, it is, to a large extent, the result of our contacts with a part of the world whose structure is in tune with the demands of our time.

If I were asked, "What is the most important lesson that you as a member of the High Authority have learned from the Schuman Plan?", I should reply by quoting a story of ancient Greece. The Sophists were discussing in an abstruse and abstract fashion the theory of movement. Diogenes, a practical man, listened in silence to the debate. At last, he got up and walked slowly to and fro -- proving movement by fact.

Perhaps we in Europe used to spend too much time theorizing. We were not sure that partial integration was possible. We did not know we could walk in that direction until we tried. Now we have started, and I believe we are moving steadily toward a united Europe.

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