

EUROPEAN
COAL AND STEEL
COMMUNITY

Luxembourg, 16th November, 1955

HIGH AUTHORITY

Information Service

This is an advance release of an article by the President of the High Authority which will appear in the November issue of the Information Bulletin of the High Authority later this month.

It is embargoed for 0001 hours, November 17.

Rene Mayer

8102/55 a

BRITAIN AND THE EUROPEAN COAL AND STEEL COMMUNITY

by René Mayer, President of the High Authority

By the time this Bulletin reaches you, the Treaty of Association between the United Kingdom and the European Community for Coal and Steel will have become a reality.

All governments of the six member-countries have now ratified it and deposited their Instruments of Ratification; the first meeting of the Joint Council of Association has been held; a small High Authority Delegation is being set up in London, in accordance with the Treaty. All this implies that a new, important and indeed experimental period in the relations between the United Kingdom and the Community is now beginning.

It is my privilege to be President of the High Authority during this period. Before I took up my appointment on June 10, I was, of course, no stranger to the Community and, as my country's Finance Minister, may have played a small part in getting the French National Assembly to give its approval to the "Schuman Plan", as it was then known, by a substantial majority. I have been associated, in both peace and war, with M. Jean Monnet, one of the foremost architects of a united Europe, who as first President of the High Authority was a signatory of the Treaty of Association, which he rightly saw as a model for the relations between the United Kingdom and a future, united Europe.

I had followed all the steps leading up to the Association, from the initial refusal of Her Majesty's Government to join with the six member countries in discussions in Paris after M. Robert Schuman had proposed his plan on May 9, 1950, to the actual signing of the Treaty of Association on December 21 last year.

8102/55 c

I had watched the Community - and I think I can truthfully say British interest in the Community - grow. The fact that Her Majesty's Government sent, as its first accredited observer, a person of the calibre of Sir Cecil Weir to Luxembourg within ten days of the establishment of the High Authority was proof, if any were needed, of the sincerity of the British welcome extended to it, proof also of how great were the expectations placed in it.

Today half the Community's "transition period" has now elapsed. The common market in coal and steel has been operating for over two years; tariffs, customs duties, quotas and currency restrictions are a thing of the past; international through rates for cross frontier rail transport have been introduced and the complete removal of discrimination in transport rates is under way; the reorganisation of the large centralised buying and selling agencies to bring them in line with the European Coal and Steel Community Treaty is imminent, and we shall see that agreements among producers to keep prices unjustifiably high, or to fix sales quotas, are rendered null and void. Some cartels have already been banned and dissolved.

At the same time we do not plan, nor are we authorized, to prevent mergers which cheapen production costs and thus help to raise the standard of living, unless these adversely affect competition. Indeed it is our firm intention to further, by all means at our disposal, the aim of the Treaty to bring about increased competition on the six countries' common market. That we have so far done so can be gauged by the September issue of the "Bulletin for Industry", published by Her Majesty's Treasury. This Bulletin says: "The biggest contribution to the expansion of world trade in the last six years has come from increasing trade between manufacturing countries. This has been particularly marked in the last three years and is closely connected with the recovery of intra-European trade... Continental Europe", the Bulletin continues, "is responsible for most of the increase. The total rose by 9,900,000,000 dollars from 1948-54. Trade between the Continental countries accounted for 60 % of this increase".

"It is clear," the report continued, "that the main force behind the rising volume of world trade has been the recovery and growing prosperity of the continent of Europe... the story of the change in the pattern of world trade is the story of the economic recovery of Europe".

It would be wrong to make the Community entirely responsible for this recovery, since the process of increased trade began before the Community came into existence. But if trade liberalisation measures in GATT or the OEEC account for part of the increase, how much more a common market in coal and steel has affected recovery: cross-frontier steel trade has increased nearly threefold since the establishment of the Community, and now accounts for 12 % of total steel production; Germany, which before the establishment of the Community imported practically no steel from France, is importing at the rate of 200,000 tons a month from the other Community countries, the bulk of it from France; the Netherlands are importing steel at the rate of 120,000 tons a month from the other Community countries.

Stimulated by new possibilities for cross-frontier trade, and by increasing modernisation and higher investments, the steel industries of the Community are producing at an unprecedentedly high rate. This year their estimated annual production will be 51 million tons, as compared with 43,800,000 tons. Never before had this figure been reached.

Coal and iron ore production have also risen, and prices, although showing some increase, have risen proportionately less than in the United States or the United Kingdom.

The threat of modernisation to labour in the past caused government reticence and social unrest. By giving financial assistance to labour, the High Authority is ensuring that the workers do not, this time, bear the brunt of modernisation. The High Authority is taking advantage of every opportunity offered by the Treaty to help raise the standard of living of coalminers and steelworkers, by stimulating the building of housing and by setting up, as an integral part of the High Authority, an industrial diseases and medical research committee.

- 4 -

I do not want to dwell on the Community's progress during the first three years of its existence as an account appears elsewhere in this issue. I should, however, like to recall that when the Schuman Plan was first discussed, doubts were expressed about the feasibility of partial integration: certain critics also feared the High Authority would grow into a monstrous and remote bureaucracy. These fears have proved groundless. Partial integration has proved successful, in spite of differences which still exist between the six member countries in systems of taxation, social security systems and so on. The High Authority has not become "above the law". It is sensitive to public opinion, but that does not mean to say that it can be swayed by intimidation. The machinery of redress - by recourse to the Community's Court of Justice - has been used by both governments and enterprises, and court decisions have gone both for and against the High Authority.

The Treaty of Association is coming into effect at a time when economic expansion is causing a strain to be put on energy resources both in the Community and in Britain. How much, at this point, will association mean?

It is, of course, not like the integration which exists in the Community; there will be no loss of British Sovereignty. It will nevertheless be more than the traditional diplomatic relation between powers. The framework for a lasting, and growing, association now exists. In the joint Council of Association British Ministers and members of the High Authority will discuss problems common both to the Community and to the United Kingdom. When the Community's Council of Ministers sits to examine questions concerning both the United Kingdom and the Community, British representatives will be present.

- 5 -

How common will these problems be? Looming over all others at present is the British decision taken recently to curtail coal exports after January 1, 1956. This will put a further strain on European coal resources, and probably result in a rise of coal imports from the United States, and possibly in higher freight rates.

Both the United Kingdom and the Community countries are main coal producers, and both are importers of United States coal, so what happens to freight rates is of common concern to us.

Both Britain and the Community rely, for small but vital amounts, on scrap supplies from third countries. Should the United States find it necessary to curtail its scrap exports, this could seriously affect steel production, and even the general economies, of both the United Kingdom and the Community.

Other problems would benefit from a common approach: measures to fight industrial diseases, investments policies, studies in the mobility and training of labour, the reasons behind growing disaffection for mining in spite of high wages, industrial techniques in coal and steel. Teams of High Authority experts have already visited coking plants in South Wales and factories in the United States.

It is from constant contact of this kind that the growing relationship desired both by the United Kingdom and the Community will grow. Association will not come overnight, but through the contacts afforded by our joint meetings, and through the growing awareness of the similarity of each others' problems. The sympathy afforded to the Community to date by Her Majesty's Government and British public opinion leaves no doubt of our joint success.