

**ECSC
and the merger**

by Dino Del Bo

**President of the High Authority
of the European Coal and Steel Community**



***European community
information service***

ECSC and the merger

by Dino Del Bo

**President of the High Authority
of the European Coal and Steel Community**

With the six Governments' deadline for the merger of the Executives and the Councils now some six months away, it is natural that the High Authority should offer in its General Report a balance-sheet of its experience to date – not merely listing the elements which have proved practical and constructive, but also bringing out the continuity of developments and the improvements and adjustments which have necessarily had to be made. This will enable us to lay before the single Executive and before European public opinion a series of useful results which will provide fruitful material for developing European economic integration still further and for achieving political integration.

It would be a mistake to leave as the only custodians and witnesses of that experience such Members of the present High Authority as may be asked to sit on the new, single Executive: it is surely better and fairer, and also in the general interest, to see what political legacy the High Authority is handing down, and at the same time to set it in the context of the current evolution of democratic Europe and examine precisely its nature and its significance. Moreover, this is a specific right of the European Parliament: the Parliament has throughout given the High Authority its understanding and support, and is entitled in this transitional stage to have all reasonable knowledge of the High Authority's activities and of the component items of its balance-sheet.

The merger of the institutions: condition of progress for Europe

The main issue at the moment is the merger of the Executives. This question hinges on finding a solution to a fundamental problem – how to ensure that the merger does not involve a pause, an unfortunate period of marking time, or still worse a disastrous hiatus which would jeopardize the whole process of integration of the six countries who signed the Treaty of Paris and the Treaties of Rome.

The merger of the Executives cannot be treated in a vacuum. It must be a token of progress, and it must further this progress – extend it, and press it to its ultimate logical conclusions. Thus, the merger of the Executives supposes the merger of the Communities, but above all it demands that we re-examine how far the Treaties hold good, to what extent they are still operative and practical, how they could be revised and improved – that we make an objective analysis of their nature and of their operation in practice.

In this context, the Treaty of Paris occupies a unique position. Viewed in the light of present-day conditions, it undoubtedly shows certain deficiencies.

It provides for a degree of power much greater than that granted to the two Brussels Executives, but it bears the stamp of the political conditions ruling at the time it was concluded, when the production of the basic industries needed to be increased to the maximum, and when, while it was necessary to establish the common market for coal and steel, it was still not regarded as necessary to invest the High Authority with certain other powers – for example, in relation to commercial policy.

In this respect the single Executive of the future will in part have to base itself on the rules of the Treaties of Rome, and in part to assess objectively the economic and political conditions which will face it. It must be stressed, however, that this degree of power, which permits the exercise of genuinely supranational activity, must always be regarded as the basis for a process of economic integration, and as both the starting and possibly fundamental principle for the achievement of political integration.

The High Authority intends also to stress how necessary it is to strengthen the power of the European Parliament; this does not mean simply defending its existing prerogatives but increasing certain powers the Parliament already possesses.

It is essential to remember, in particular, that when the Committee of Presidents is abolished, as is planned, the Parliament will no longer have any direct say in the approval of the High Authority's budget estimates. Some other means will have to be found and adequate compensation decided on.

It would be nonsense to pretend at the present juncture that the prospects for widening the Parliament's powers are encouraging, but it must be emphasized that the High Authority, and undoubtedly the two Brussels Executives also, can only accept a solution which would strengthen their autonomy and make them finally answerable, politically and operationally, to a Parliament in the highest and fullest sense of the term.

This, however, is a need which is clear – and has been for some time – and quite independent of the merging of the Executives, since it is bound up with the democratic pattern of European integration, and as such requires speedy and satisfactory solution. There is, in the six countries which signed the Treaties of Paris and Rome, an increasingly strong feeling that the representation of democratic Europe should in fact be genuinely representative, and both our duty and our interest require that we take this fully into account.

The European Parliament must have a decisive political influence

All this needs to be said if the forthcoming institutional regrouping is really to produce a system whereby the people of Europe will govern themselves, with exchanges and debates between the national Parliaments and the Community Executives initiated and conducted in accordance with the overriding will of the European Parliament.

If that will is delegated, or is not present, then self-government in Europe will be compromised, or worse, it will never even take shape.

The High Authority stresses the special importance it attaches to this process of convergence – indeed, to a possible unity of aim between its own policy initiatives and the requirements of the European Parliament.

This is not to imply any suggestion of primacy, let alone of monopoly: it is simply the assertion of a duty and the recognition of the distance which, under the spur of the political will of the Common Assembly – which in course of time became the European Parliament – the High Authority has travelled in the space of twelve years.

Supranationality: a vital factor in the future of the basic industries

The degree of power with which the High Authority is invested has proved extremely important, and its effectiveness has been generally acknowledged, especially in the last few years. The exercise of supranational powers is a political act in that it is the outward expression of the institutional power of the High Authority. That power is inalienable, but as such it must be exercised only in certain carefully-defined circumstances, and the national Governments and Parliaments and the economic sectors concerned are entitled to give their own reasoned opinions on the subject.

The two recent High Authority Recommendations establishing temporary external protection for Community steel production and imposing a specific import duty on foundry pig-iron were welcomed nearly everywhere, and the psychological, economic and commercial effects can be generally regarded as good.

The basic industries are important to the Community's economy. Their position must be maintained and safeguarded by a variety of devices, of which tariff protection, though at the moment indispensable, is not to our mind the most important. What really matters is that a steady flow of products should be available, that their quality should be improved, that they should be turned to good account in the manufacturing industries, and that they should serve continually to increase the well-being of the people of the six ECSC countries.

It is significant that even the schools of political thought which object to private ownership of the means of production and to the principle of private enterprise nevertheless uphold, for the basic industries, the principle of capital accumulation, in the sense of conserving capital assets, ensuring that they expand at a given rate and improving them qualitatively and quantitatively.

This was what the High Authority was seeking to do by issuing the two Recommendations, which must be taken in conjunction with other measures introduced in the Community in the second half of 1963.

With consumption figures higher, orders picking up and investment proceeding vigorously, it is evident that, thanks to the action taken, the state of the steel market can now be considered as nearly back to normal. There are still a number of headaches, but I think we can say that the six countries can now adopt a confident attitude regarding the long-term development of their iron and steel production.

Steel in the GATT negotiations

The question now arises of the comparison between the Community's steel production and that of the other major producing and exporting areas. In this connection the negotiations recently opened in GATT can serve as a useful pointer, and they must therefore be regarded as an event of the first importance in the development of the six Community countries' external trade; the High Authority intends to take full account of this event and its importance.

Needless to say, the main object of the GATT talks is not to change the tariff levels between the Community and other countries of the free world, nor is it to increase American exports to the Community market.

So far as the Community is concerned, the principal aim in the GATT negotiations is to demonstrate that it is anxious to be helpful and politically open – to show clearly that it does not wish to monopolize its achievement of prosperity, but proposes to make it easily and constantly accessible to all the people of the world.

For this reason, the High Authority – although, as I have said, it has no powers of its own in the field of commercial policy – has been constantly mindful, and has kept the member states constantly mindful, that the GATT discussions must not be construed as being concerned purely with the tariff aspect proper. What matters is that the six countries should demonstrate clearly what they know to be a fact – that the Common Market is a working reality; and that to this end they should take part in the negotiations on the accepted Community basis – that is, by adopting a single external tariff.

This point chiefly concerns the steel sector, inasmuch as the recent Recommendation in this connection brought protection at the common external frontier to the same level for all six countries. This is, however, a *de facto* economic achievement only, since there has been no *de jure* establishment of a unified external tariff in the full sense. Accordingly, the High Authority is pressing the Governments of the member countries not to appear at GATT in a state of disarray, since then they will never achieve the fundamental aim which should be theirs – to secure adequate harmonization of the means of protection, including the measures used by the major steel-producing countries which have a similar effect to tariff.

Should the Governments ignore these representations by the High Authority, it would mean they were yielding to unfortunate separatist temptations: it would also mean that they were taking a retrograde step after the progress we have made up till now.

This would be a still more serious matter in the light of the fact that the High Authority has recently successfully taken several steps of fundamental importance.

A first step towards a common market for energy

We have always borne in mind how, on energy policy, the European Parliament has for years been expressing its concern and stating its view. We have been similarly mindful of the deadline explicitly fixed by the Parliament – its directive to the three Community Executives to give up trying to follow the six Governments' instructions to hammer out an agreement on a common energy policy if no definite results were forthcoming by the spring of 1964.

The burden of responsibility was all the greater for the High Authority in that the Governments had appointed it to lead the way, indeed to take the initiative, and that it is in charge of one of the energy sources, coal, for which prompt and appropriate action is now more necessary than ever.

I said in November, 1963, that, following the serious production crisis which had developed in the industry, coal had gradually ceased to be one of the main energy sources, and was now up against considerable difficulties, particularly over production costs, so that it would be necessary to institute

protective arrangements for the collieries. But, I continued, these would need to be at Community level and subject to Community control. And to introduce them, I concluded, it would be necessary to revise the Treaty of Paris.

With the merger of the Executives approaching so swiftly, however, it will not be possible to count on this being done in the near future with the simultaneous consent of the six Governments and the six national Parliaments.

It must be admitted that action confined to the coal industry alone, with no Community framework embracing the other energy sources, might well have made any measures dangerous. At the same time, the question of a Community system of subsidies for coal producers needed, and still needs, to be tackled as a matter of urgency to obviate the risk of a whole string of conflicting measures at national level blocking any common decision. That is why, in January 1964, I announced that the High Authority had taken new steps towards a Community energy policy, without waiting for the time-limit set for the Executives by the Parliament. These steps resulted in the Protocol signed by the six Governments in the Council of Ministers on April 21.

The Protocol reflects two separate trains of thought – first, the common ground established when the Government representatives discussed the draft later submitted to the Council in December, on which the Ministers failed to agree, and secondly, elements from the project worked out by the High Authority in its prolonged talks in the six capitals with the Governments of the member states.

Thus, the Parliament has today before it for its consideration a Protocol covering the three energy sources, coal, oil and nuclear energy. None of us pretends that it is the answer to the problem of energy policy taken as a whole, but we do feel that it is a starting point, a useful premise for later detailed formulation, and for the necessary regulation of a common energy policy and of a common market for energy.

The text of the Protocol opens up new prospects by its statement that the six Governments will press ahead with their efforts to reach agreement on a common energy policy and a common market for energy in the context of the merger of the Communities, especially in three specific fields: external-trade policy, the rules of competition, and aid to the coal industry. This means that the new Treaty governing the merged Community will need to take account of these new points.

The Protocol also provides, in Article 11, that the common energy policy must be instituted as part of the general Common Market. Here we have two new elements – provision as to the phasing, and provision as to the means to be employed – neither of which had previously figured in the Governments' and Executives' deliberations on energy policy.

In the field of aid to coal production, the Protocol also contains a directive binding both upon the Governments, which have to grapple with this problem of subsidies, and upon the High Authority, which has to endeavour to set up a system that will not conflict, but accord with the Treaty of Paris. The High Authority stresses that the arrangements it is planning for aid will be wholly and in all respects compatible with the Treaty.

Nothing else, indeed, would be acceptable unless and until the Treaty is amended by the prescribed procedures. At the same time, the High Authority is firmly of the opinion that it is possible to take effective action under the Treaty as it stands.

The action in question would, of course, be of a temporary nature, designed to institute arrangements capable of being extended under the new Treaty into a broader and more comprehensive system. But the High Authority stresses that the practical measures it is preparing are not purely and simply a catalogue of national measures. Its object is to establish a genuine Community-level system of aid: this is what the Protocol signed by the six Governments requires of it, and this is what it is setting out to do.

And so I think we can say that, after several years of arduous and sometimes downright discouraging labour, we now possess in this Protocol on energy policy a document which can effectively serve as a foundation for building up the complex structure of a common policy for the energy market. In addition, the fact that the High Authority has sought and secured the essential unity of approach with the Brussels Executives unquestionably adds weight to the Protocol, strengthens its impact on the national Governments and Parliaments and on the economic sectors involved, and offers the prospect of new, more striking results.

To turn to energy as a whole, the Protocol, while specifically distinguishing between the different energy sources, nevertheless keeps to the vision of a single common market for energy – all the

big new departures to be undertaken, whether for nuclear energy or for oil, fall into place in the framework of the Protocol, in a gradation directly commensurate with their scale and urgency.

As regards nuclear energy, we are, of course, still only in the early stages: however, the results of scientific research and their industrial application, now advancing by leaps and bounds, are such that we can be pretty certain nuclear energy will very soon be one of free Europe's main sources of supply.

As regards oil, supply problems in this sector are still, and will remain for a good many years, a matter of considerable concern to European statesmen. They will involve major economic questions, and in some cases political questions too, in the broadest sense of the term.

Undoubtedly, the Community economy's present dependence on oil supplies is making public opinion here ultra-sensitive to the problem – to the availability of the necessary amounts, to price levels and price stability, to the amounts of money which change hands and the ways in which they are paid, and to relations with the developing countries. It is natural that governments should take an interest, directly or indirectly, in relations with the oil companies, in relations between the national and the international companies, and in mutual understanding between the producing and the consuming countries, and should be inclining more and more to a Community oil-supply policy based on reciprocity and non-interference with established results.

Of course, these various aspects are merely sketched in the Protocol: it will be for the merged Executive to fill in the details in the near future, and to translate them into practice in line with the demands of public and political opinion, and of all sides of industry in free Europe.

The fact that the Protocol contains this concept, even though only in outline, is sufficiently indicative of the approach adopted by its authors and by the signatory Governments. Its implications are not merely economic, but also social. For some time now we have been observing that mining is falling into disfavour among workers as an occupation, and is failing to attract the young. In addition, the manpower turnover in the coalmining industry is unduly high, and this is seriously aggravating the problem of production costs. The reason lies partly in the special hazards attaching to this most honourable work; it lies partly in the risks mining still too often involves to the safety and health of the individual, but most of all it lies in the fact that the miner cannot be sure of sufficiently steady employment.

For some years past employers and some Governments have been steadily and determinedly maintaining that they cannot possibly accept the plea put forward by the workers, and supported by the High Authority, for a Miners' Charter. Their reason has been that the coalowners do not have a sufficient guarantee of continuity of production. But today the position is showing signs of changing: given a system of Community subsidies, the collieries will be able to adopt rationalization and tonnage targets. This will create a climate of greater certainty, in view of which it will be impossible to put off any longer the admission of the claim for a Miners' Charter. The High Authority has observed how deeply and justly conscious the miners are, especially today, of the importance of this aim. At a recent meeting of the High Authority with Government, employers' and workers' representatives on the Joint Committee for Coal, some of the trade-union delegates walked out following a refusal to include the Miners' Charter on the agenda.

Recently the leaders of the miners organized a mass rally in Dortmund to back up the call for a Miners' Charter. The High Authority not only expressed its full sympathy with the idea, but also supported it by sending its President and several members. For it is right and proper, and necessary, that such a valuable development as the Energy Protocol should afford due economic benefit not only to the employers but also to the men who keep production going.

I have sought in this brief survey to bring out certain primarily political aspects of the High Authority's recent activities and of problems which face it. Other aspects of a technical nature are treated in the High Authority's Twelfth General Report.

Community Topics

An occasional series of documents on the current work of the three European Communities.

1. **The Common Market 1960-1 (July 1961)** *out of print*
2. **Economic integration and political unity in Europe by Walter Hallstein** *out of print*
3. **A guide to the study of the European Communities** (November 1961) *out of print*
4. **The Common Market and the Law by Michel Gaudet** (November 1961) *out of print*
5. **French industry and the Common Market** *out of print*
6. **The right of establishment and the supply of services** *out of print*
7. **Euratom's second five-year research program 1963-7** (January 1963)
8. **Ten years of ECSC 1952-1962** (January 1963) *out of print*
9. **Energy Policy in the European Community** (June 1963) *out of print*
10. **The Common Market's Action Program** (July 1963)
11. **How the European Economic Community's Institutions work** (August 1963)
12. **The European Community - inward or outward looking?** by Robert Marjolin (August 1964)
13. **Where the Common Market stands today** by Walter Hallstein (August 1964)

Enquiries about these and other publications of the Information Service should be made to:

European Community Information Service

London : 23 Chesham Street, SW1.

Washington : Farragut Building, Farragut Square, Washington D.C.

A copy of this material is filed with the Department of Justice where, under the Foreign Agents Registration Act of 1938, as amended, the required registration statement of the Information Office, European Community, Farragut Building, Farragut Square, Washington D.C., as an agent of the European Economic Community, Brussels, the European Atomic Energy Community, Brussels, and the European Coal and Steel Community, Luxembourg, is available for public inspection. Registration does not indicate approval of the contents of this material by the United States Government.

