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EUROPEAN COMMUNITY

for coal and steel

INFORMATION SERVICE • HIGH AUTHORITY • LUXEMBOURG

ASSOCIATION PACT WITH BRITAIN SIGNED

On December 21, 1954, Jean Monnet, former President of the High Authority, and Duncan Sandys, former British Minister of Supply, signed an Association Agreement between Britain and the European Community for Coal and Steel.

The Agreement sets up a Council of Association composed of four United Kingdom representatives and four representatives of the High Authority. In view of the powers conferred by law on the British National Coal Board and the Iron and Steel Board, one of the British representatives will come from the National Coal Board and one from the Iron and Steel Board.

The function of the Council will be to provide a means for permitting the common conception of policy by the United Kingdom Government and the High Authority on such matters as investment targets, action in time of boom or slump, fair trade practices, etc. Either side may decline to associate on any policy it feels unable to apply. In particular, the Council of Association has been "given the duty to examine restrictions and other factors affecting mutual trade in coal and steel between the two areas, with a view to making such proposals for their reduction or elimination as may be agreed upon for the mutual benefit of the United Kingdom and the Community."

The Agreement also provides a procedure for joint consultation, where necessary, between the United Kingdom Government, the High Authority, and the Council of Ministers of the Community. The Council of Association "will pay due regard to the interest of third countries and to the special relationship between the United Kingdom and the other members of the Commonwealth."

The Agreement provides that the Council of Association will present an annual report to the High Authority and to the United Kingdom Government. The United Kingdom will maintain representation in Luxembourg and the High Authority will establish similar representation in London.

The communiqué issued after signing of the pact stated: *"From the outset the United Kingdom Government has welcomed the conception of the Schuman Plan, both on account of its contribution to the efficiency and the stability of the basic industries of the countries concerned and on account of its contribution to the wider cause of European unity."*

The Agreement, it is hoped, *"will help to promote a growing association between the United Kingdom and the Community which will, both parties believe, contribute to their common prosperity and assist in the advancement of European unity."*

The Agreement now signed has its roots in the declaration by the British Government on 11th August 1952, the day after the High Authority was set up, that it desired to establish a "close and lasting association" with the Community. The High Authority warmly welcomed the declaration. After a visit by M. Monnet, the President of the High Authority, to London at the end of August, a perma-

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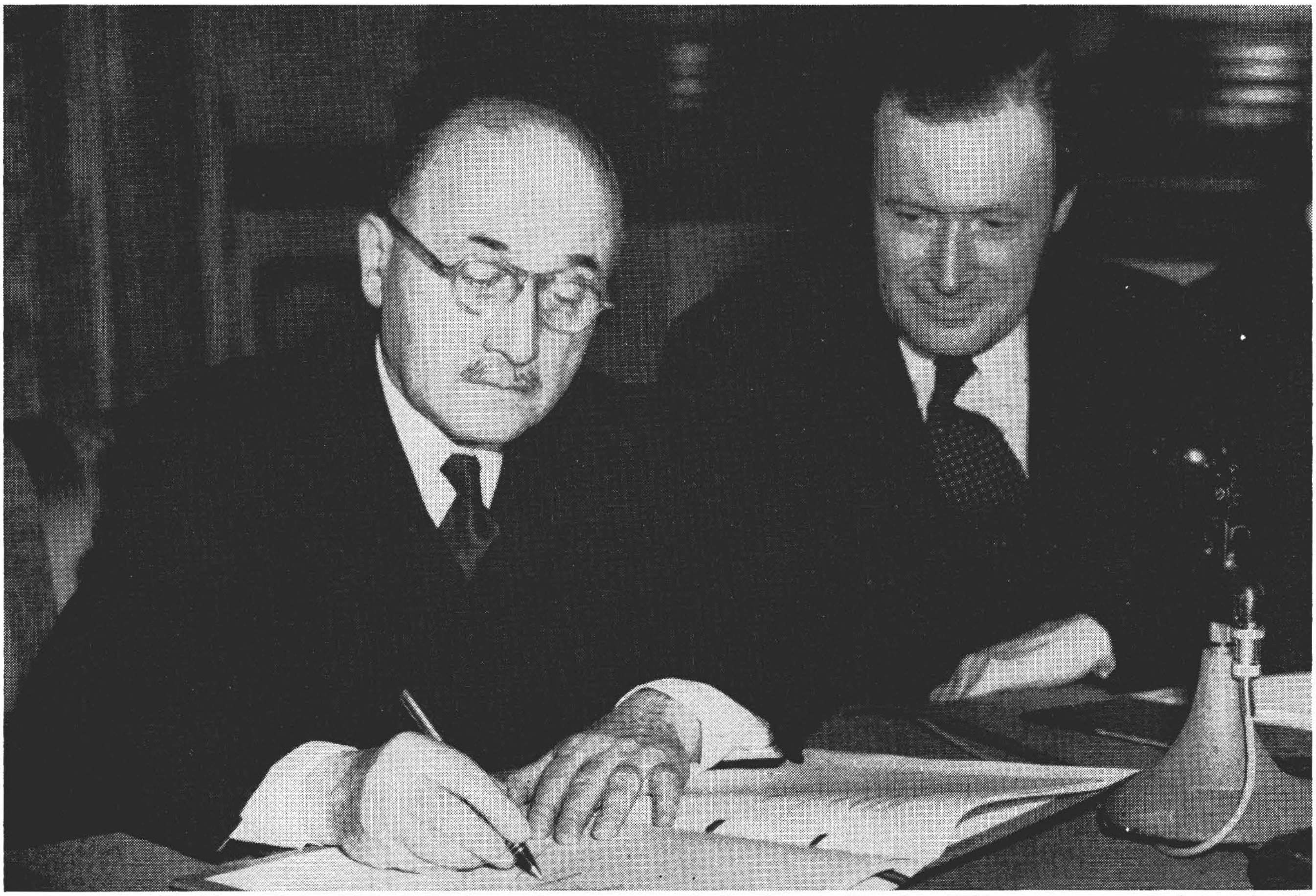
nent British delegation was sent to Luxembourg under Sir Cecil Weir. It arrived on the first of September 1952, a day before the United States delegation, under Mr. William Draper, then European Chief of M.S.A.

The Agreement does not in itself constitute a "close association" but is a new and important step toward a closer relationship. Strict reciprocity in relations between the United Kingdom and the Community marks a further development in the recognition of the sovereign powers of the federal Community.(*)

(*)The Agreement will be more fully treated in the next issue of the Bulletin.



JEAN MONNET, *President of the High Authority, and* DUNCAN SANDYS, *Britain's Minister of Housing, signing the Agreement of Association between the Community and the United Kingdom in London on Dec. 21, 1954.* MR. SANDYS *took part in the negotiations which led to the Agreement while serving as Minister of Supply.*

Declaration by M. Monnet following the signing of the Agreement of Association.

Following, are excerpts from a statement made by High Authority President Jean Monnet in London on December 21, following the signature of the Agreement of Association with Great Britain.

". . . (The) Community has been made possible by the fact that the six Community states have delegated part of their sovereignty to common federal institutions with a power to act in the interest of all the member countries taken as a single whole. That is why we can now develop a growing association between, what is historically, the first European Community and Great Britain.

"The signature of the Agreement proves both the will of the British Government to associate with the European Coal and Steel Community and the success of the Community. For without the success of this first achievement in the integration of hitherto divided countries, there would have been no substance, on either side, for an association.

"In the new Association between us, Britain and the Community both retain their complete independence and freedom of decision; at the same time we are creating a framework for the development of closer relations and cooperation between Britain and the Community.

". . . The Community by creating a large market is contributing to raising of living standards and the maintenance of peace and stability. As the Association between Britain and the European Community develops, empowering both of us jointly to achieve our common ideals, the improvement in the prospects of peace and of conditions of human life, will be greatly enhanced."

HIGH AUTHORITY LENDS $60 MILLION

The High Authority's investment program to boost productivity got underway on December 31, 1954 with initial allocations totalling $60 million to 33 Community firms. The loans represented the first portioning out of the $100 million borrowed from the United States Export-Import Bank in April, 1954. The capital investment loans went to enterprises proposing to modernize underground and surface installations in collieries and iron ore mines and to build thermal power stations. All loans were made in dollars and the necessary exchange for repayment due in dollars has been guaranteed by the governments of the member states.

An announcement concerning the disposition of the remaining $40 million is expected early in 1955. Some of the funds already have been earmarked for projects to modernize Belgian thermal power stations and for Italian proposals to improve iron ore preparation for blast furnaces.

Loans Spur Private Investment

At the outset of the investment program, the High Authority ruled that it would lend only a portion* of the funds required for investment projects—requiring firms to go elsewhere for the remaining capital. This policy, coupled with the High Authority's strong credit position and low interest rates, has resulted in generating among the 33 borrowing firms a total investment more than four times as great as the direct loans made by the High Authority.

A breakdown of financing for the initial projects is summarized as follows:

High Authority Loans	$60,000,000
Auto-financing by firms	83,000,000
Various loans	102,000,000
Miscellaneous sources	22,000,000
	$267,000,000

Loans already allocated and loans proposed for release in 1955 were in keeping with the High Authority's announced investment aims made in January, 1954. At that time, the High Authority gave priority to increasing productivity in the raw materials-extracting industries on the grounds that high production costs in this sector were a deterrent to the expansion of the common market. No allocations were made for steel plants.

The High Authority's loan was, in a sense, over-subscribed. More than 70 requests were received for sums totalling 140 million dollars. The High Authority examined each case on its merits and though forced by the lesser amount of funds at its disposal to reduce the sum of its loans, did not do so equally to all borrowers.

* The maximum amount loaned by the High Authority for any single project was 30 per cent, the minimum 15, and the average 22 per cent.

Banks Reduce Interest Rates to Community Firms

The original loan of $100 million negotiated with the United States Export-Import Bank was made on very much the same terms as those prevailing on the American capital market. The amount was repayable within 25 years at 3⅞ per cent interest. The High Authority's loans, in turn, were made at a rate of 4.1 per cent with a 25-year repayment period—terms notably more favorable than those current in Western Europe. As a result, interest rates on market loans received by the 33 firms took a drop. For instance, Germany's Kreditanstalt Bank lent to German firms participating in the Community investment program amounts matching the High Authority allocation and at a rate, in most cases, of seven per cent with repayment in 25 years. This was in favorable contrast to terms usually offered by the same bank which start from 9½ per cent for loans for shorter periods.

The High Authority, thus, could claim an indirect as well as direct influence in providing cheaper investment financing for Community firms.

Loans Mark New Stage in Community Growth

The first loans by the High Authority mark an important stage in the history of the Coal and Steel Community: it has now taken its place as an institution actively assisting in the financing of investments in the coal-mining and iron industries.

Authorization for this policy is set forth in Articles 49 to 56 of the Treaty establishing the Community. Under the terms of these Articles, the High Authority may facilitate investment programs by granting loans to enterprises or by giving its guarantee to other loans which they may contract. It is, however, precluded from actually engaging in the banking operations required to carry out its financial obligations. Outside banking machinery is, therefore, employed for both loans the High Authority itself contracts and those granted to industries. The latter are allotted by the High Authority out of funds which it has borrowed in its own name.

The United States loan obtained last April was not granted by the U. S. Government under the same system as the credits which it allocated after the war under its economic assistance program. As mentioned earlier, the

DISTRIBUTION OF INVESTMENT LOANS

(As of December 31, 1954)

	Total	Ruhr	Aachen	Nord	Lorraine	Acquitaine	Saar	Luxembourg
For Colliery Installations	23,310	12,310	3,500	2,430	3,300	0,570	1,200	
Thermal Power Stations	26,890	15,390		3,850	3,850		3,800	
Iron Ore Mines	8,900	Germany		France			Luxembourg	
		900		7,000			1,000	
Total	**59,100**							

All figures are in thousands of dollars.

loan to the High Authority was arranged on very much the same terms as those prevailing on the American capital market. When these terms were worked out, both parties sought to establish a procedure and conditions based strictly on recognized international banking principles. Special attention was paid, in particular, to the question of security, with a view toward applying the same procedure later on to any further loans which the High Authority might contract on the capital markets of the United States or of Europe. In all this the Bank of International Settlements in Basle, Switzerland, takes a leading role.

Summary of Legal Aspects

The High Authority is empowered to grant loans to the private firms in the Community. These enterprises furnish promissory notes, together with mortgage deeds and other securities. In its decisions, the High Authority is guided by recommendations from special committees, consisting of industry specialists and of government and trade union representatives. The promissory notes are given in pledge to the Bank of International Settlements—for the benefit of all lenders to the High Authority, present and future. The B.I.S. entrusts the administration of the obligations—and of the securities—to banking institutions in the various Community countries with which it has concluded agreements to that effect.

The special feature of this procedure is that it places all lenders to the High Authority, present and future, on the same footing. The more loans the High Authority contracts, and the more it grants, the broader will be the basis of security for the lenders.

The U. S. Government with its dollar claims will thus be on equal footing with European holders of bonds issued by the High Authority in European currencies.

The common portfolio of obligations and securities administered by the B.I.S. constitutes a sound basis for the High Authority's credit. Securities offered by borrowers from the High Authority are considered as first class. First, in accordance with the provisions of the U. S. loan contract, all loans are covered by mortgages or negative pledges. Second, there are, in a large number of cases, supplementary securities, such as State guarantees, bankers' sureties (*e.g.* from the Kreditanstalt für Wiederaufbau, a public institution), and sureties from important industrial groups.

Although these securities are more than adequate, there is, in addition, a "second line of defense" for lenders. This is the High Authority's guarantee fund set up by means of its annual tax levy. The High Authority is permitted by the Treaty to levy up to one per cent on the total value of the Community's coal and steel production. In the first half of 1953, levies imposed by the High Authority amounted to 0.5 per cent and were increased to 0.9 per cent for the last half of 1953 and for 1954. The value of the annual product today stands at more than $5 billion. The annual levy represents an amount of some $50 million.

With the undertaking of its investment program, the High Authority has set out to help coal, iron, and steel industries in the Community meet long-term financial needs by acting both as mediator between capital markets and the enterprises and by encouraging "cheaper" money for capital investments.

Notice to Readers

On February 1, 1955, the High Authority of the European Community for Coal and Steel will open a full-time Information Office in the United States at 1425 H Street, Washington, 5, D. C. Suite 220. Telephone: NAtional 8-7067.

NEW DEAL FOR FRENCH STEEL

An Example: The "Compagnie des Ateliers et Forges de la Loire."

The entire structure of Europe's coal and steel economies is undergoing a change. By cutting away at the jungle of tariffs and trade discrimination across Europe, the European Community for Coal and Steel is bringing about broad changes in the production and marketing of the two basic materials of a modern economy.

Nowhere is the change more marked than in Central France where steelmakers have undertaken a bold experiment to meet the common market challenge. There, along the fringe of the *Massif Central,* lie four steel towns—Unieux, Saint-Chamond, Firminy, and Saint-Etienne—the pre-war arsenals of France. In this region, the reorganization and modernization of plants employing 13,000 workers is underway. A few years ago, the area's steel industry appeared doomed to extinction because of rising costs, restricted markets, and inefficient production. Today, the threat of unemployment has vanished and owners are confident that they will be able to compete successfully again—this time on a market four times the size of the national market. The story of Saint-Etienne is a striking illustration of what can be done under the spur of competition.

The Situation

Smaller than the great steel plants of Lorraine, the steel works of the Saint-Etienne region nonetheless once played a major role in the French economy—supplying some 200,000 metric tons of special and high quality light steels annually to the French armaments industry. But their special role within the French economy saddled them with special problems not faced by heavier steel enterprises. Their prosperity was, to a certain extent, geared to international tensions. From 1914 to 1918, with the steel works of the Lorraine out of action because of enemy occupation, these towns knew an unequalled period of prosperity. But from 1919 to 1938, because of changing demands in types of steel, increased production costs, and partly because the Lorraine steel works once more dominated the national steel market, the steel plants of the Saint-Etienne region entered a period of slow decline. By 1940, military defeat had brought complete stagnation.

As early as 1946, Jean Monnet, then France's Commissioner-General for Economic Planning, urged the merger of the four steel plants. But the advice went unheeded. The four factories had a century-old tradition of rivalry. Owners, in the past, had been stern conservatives, jealous of their prerogatives and of their independence. Three of the four saw no reason to face up to the economic facts of life so long as their problem was not one of immediate economic survival. Being too proud to unite they were also too poor to invest and the only prospect in the not-distant future was to close their doors and lay off the 13,000 steelworkers employed in the region.

Only the unprecedented demand for steel immediately after the second World War delayed a decision on the fate of Saint-Etienne steel plants. Producers found that consumers would buy steel at any price. Then, by 1948, Marshall Plan aid had come into the European economic scene enabling producers to invest—many of them for the first time in 30 years.

But in the area of Saint-Etienne, investments left all

French Deputy Defends Merger

EUGENE CLAUDIUS-PETIT, France's Minister for Reconstruction and Labor from 1945 to 1953, is a Deputy in the French National Assembly representing the Saint-Etienne area. He is also Mayor of Firminy. Recently, he stood up in the Assembly to reply to a Communist Deputy who had charged that the merger and concentration undertaken by the "Compagnie des Ateliers et Forges de la Loire" was a "wilful attempt to turn skilled personnel into unspecialized workers."

M. CLAUDIUS-PETIT said:

"I cannot allow this experiment, which could well serve as an example to other areas of France, to be distorted in this fashion.

"A concentration of a number of large firms employing about 13,000 workers from Saint-Etienne, Saint-Chamond, Firminy and other centers did at one time cause the fear of unemployment to spread.

"But an agreement has been reached to prevent any laying-off of personnel.

"The nature of this agreement has been grossly caricatured: the High Authority of the European Coal and Steel Community and the French Government have in fact each granted 150 million francs towards reconversion, and the firm involved has also guaranteed a similar sum.

"This will permit a retraining of the workers as well as the reconversion itself.

"The agreement—which might well serve as a model for all French firms undergoing reconversion—stipulates that during the reconversion period of two years and for two years following the reconversion, not a single worker will be laid off.

"In other words, for the very first time, a firm has made it clear that it is standing by its workers during its reconversion period, that it will ensure their retraining and guarantee their wages during this period.

"I should like to see other firms in France take the same step in order to dispel the legitimate fears of workers who believe they may bear the brunt of reconversion."

problems intact. The region boasted four medium-sized steel plants (by French standards), all of them well-established, all competing with each other within a radius of 15 miles for orders of similar high-quality steels. None of the four firms was powerful enough to dominate or buy up any of the other three. All were preparing to invest, or had already invested, in costly duplicate equipment which could only by used for a few hours a day—so far had their efforts to increase productive capacity outrun their marketing organization.

The Merger

Only one of the producers in the Saint-Etienne region realized and admitted the need for concentration of steel production in the four towns. He was M. Marcel Macaux, director of the Firminy steel works, the most prosperous of the four factories. M. Macaux had, in fact, proposed regrouping and a merger shortly after the war. He was turned down.

In 1953, M. Macaux went to the steel producers in the three neighboring towns and tried again. He used the same arguments. The decision was a difficult one for the rival factory owners after years of open hostility and cut-throat competition between one another. But this time he won, his case strengthened by the existence of the European Community for Coal and Steel and of a common market. The other three factory directors agreed to pool their resources in the interest of more efficient steel production. One prime factor responsible for the ready decision was the High Authority's guarantee that workers who might suffer temporary loss of their jobs during the reorganization period would keep on receiving a salary based on a 40-hour working week (normal week—48 hours).

Once the decision was made, and owners committed, high feelings were soon overcome as they became immersed in the problems of reorganization and merger. A new enterprise, the "Compagnie des Ateliers et Forges de la Loire" came into existence, merging five plants belonging to the four companies. The accompanying chart on this page shows how they have changed their production from small quantities of similar high-grade steels to specialized production of the type of steel which they can make the most efficiently.

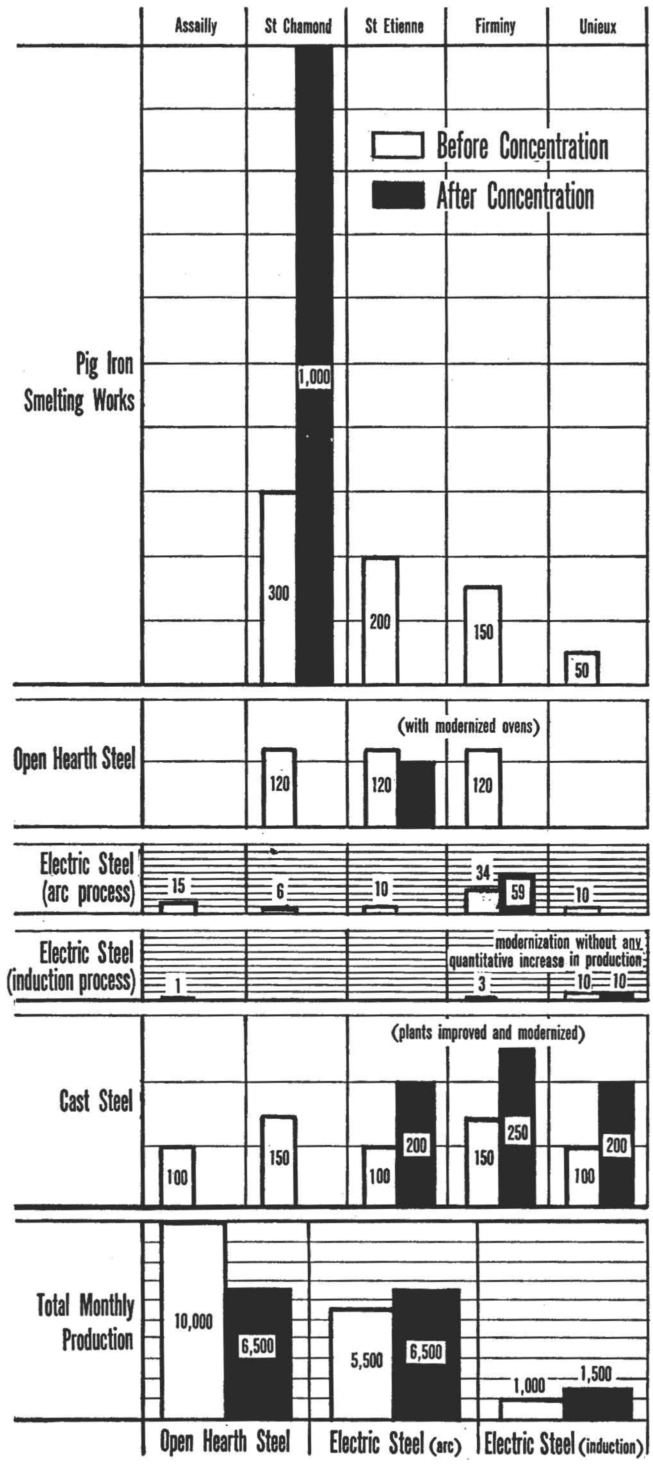
The Role of the Community

Under terms of the Treaty creating the Coal and Steel Community, the High Authority becomes responsible for the fate of workers whose jobs are threatened by modernization of the coal and steel industries. Yet in January, 1953, five months before the establishment of the common market in steel, a concentration of two Saint-Etienne steel works resulted in the lay-off of several hundred workers. The High Authority was determined to see to it that after May first, 1953, the opening date of the common market for steel, modernization or concentration did not become synonymous with unemployment.

The High Authority's first step in the Saint-Etienne region was to set up a fund of $450,000 which was matched by the French Government, to keep workers who were temporarily laid off by the merger, employed in some capacity until they could be absorbed again into the expanding industry. At the present time, the management of the steel plants expects all workers to be re-employed once production has expanded. In addition, the Compagnie des Ateliers et Forges de la Loire plans eventually to extend production to the steel-finishing field and thus provide jobs for more workers than are presently redundant. In-plant training programs to equip workers with new skills are al-

STEEL PRODUCTION IN THE SAINT ETIENNE REGION

(Monthly output in metric tons)



ready underway as part of the High Authority's program, and employment agencies have been set up in the factories undergoing conversion to find jobs for specialists from one plant in other shops and foundries in the Saint-Etienne area. All the factories are within a radius of 10 miles—making the transfer of workers a relatively easy matter. Despite this, resistance has been met among some workers who remain hostile to any change even for the better. A few low-salaried workers (non-skilled average is $75 per month plus family allowances which run as high as $84 a month, have turned down jobs six miles from their old plants, despite better pay and better housing, preferring to remain in a low-category job at their old factory.

High Authority and French Government officials do not minimize the difficulties being encountered in the Saint-Etienne. An inheritance of social unrest in the area goes back to 1948 when France was wracked by strikes and riots. Saint-Etienne suffered heavily. Today the rebuilding of confidence between management and workers is slow and painful. Old hostilities continually crop up. Some factory directors grumble over the new system and hark back to the "old days" when they used a "natural selection" method of firing workers—laying off the least efficient instead of bothering to train and teach them. Under the present system, they complain that highly skilled workers, frequently impatient with delays encountered in converting plants, look for and find work elsewhere. In each of the five factories of the "Compagnie", some 100 workers have given notice since concentration efforts started six months ago.

Industry specialists and social workers in the area feel that the worst period in the merger and regrouping is nearly over. Operations have reached a stage wherein obsolete plant equipment has been removed and new machinery has not yet been installed and skilled workers from the scrapped plants are forced to work at odd jobs in the factory yards.

In spite of difficulties, engineers, producers, and nearly all of the workers are confident that in two years time, the factories will present a completely different picture. The new merger already has resulted in lowering production costs for certain types steel and observers in the region say owners of other small, marginal enterprises in St. Etienne now contemplate following the example of the "Compagnie des Ateliers et Forges de la Loire." The spirit in which the merger has been tackled, the faith of its planners, and the real concern shown for the welfare of the workers have contributed toward making this experiment an important one for France as well as for the Coal and Steel Community. If it succeeds—and everything points to its success—it may well point the way to a new departure in solving one of Europe's serious economic problems.

THE RECORD: 1954

Jan. 7 The High Authority revises its *Fair Trading Code.* The Code requires producers to publish their prices as they fix them, and of non-discrimination by producers between their customers. The revision consists in allowing a margin of 2½ per cent above or below the published price within which producers may change their prices without publishing the changes.

Jan. 14-16 The Common Assembly meets in special session to debate the High Authority's *investment policy.* It unanimously votes a resolution in support of the High Authority's investment targets, aiming at the lowering of costs, notably of raw materials to the steel industry; the raising of steel capacity to 50 million metric tons by 1957/8, and the construction within five years of 100,000 supplementary workers' housing units in the Community countries.

Feb. 6-9 During the Four-Power Conference in Berlin, Jean Monnet, President of the High Authority, discusses with U. S. Secretary of State John Foster Dulles the means for launching a U. S. Government development loan to the Community. (After a State visit by representatives of the High Authority, including M. Monnet, to the U. S. in June 1953, President Eisenhower had suggested that "a portion of the financing of the Community's development program by the U. S. Government or one of its agencies . . . would foster European integration in a tangible and useful way.")

Feb. 10 The French Government files formal appeal with the Community's Court of Justice against the revision of the Fair Trading Code (Jan. 7).

Feb. 20 The High Authority begins examination of company books to seek violators of Fair Trading Code. Fines applicable to violators to amount to four times the value of the irregular sales contracted.

The High Authority endows two annual scholarships of $840 each for research work on the activities of the Community.

The Italian Government and two Italian producers' associations join French appeal against High Authority.

March 16-18 A Congress of Coal and Steel Trades Unions affiliated to International Confederation of Free Trades Unions (I.C.F.T.U.) meets in Luxembourg. The unions ask for closer participation in High Authority work, in particular with regard to the preparation of development programs.

March 18 The High Authority allocates funds toward the voluntary resettlement to Lorraine during a period from 1954 to 1956 of several thousand miners from marginal fields in Southern France. Volunteers guaranteed housing upon arrival, free travel and movement of household effects, maintenance of seniority rights, and a bonus of $560 for each miner with a family, $210 for bachelors. Total cost of $2,800,000 borne equally by the High Authority and the French Government.

March 20 The High Authority announces that at the beginning of the second year (April first) of the common coal market, preliminary conversations will be opened with governments, producers, trades unions, and consumers with a view to ending cartel and monopoly practices in the coal sales and buying agencies, which dominate the coal market (see May 20).

The High Authority maintains price ceilings for the pilot basins of the Community (Ruhr, Nord et Pas-de-Calais) as long as the nature of the activities of the agencies is under investigation. Heavy cuts are decreed in subsidies and rebates, notably to privileged consumers of German coal. (By the end of 1954, no discriminatory rebates subsisted in Germany, while in France the Treasury subsidies on coal which ran at a rate of $44 million in 1952 were cut by half. As a result of the ending of the rebates, the price ceilings for Ruhr coal are fixed at a level four per cent below that of 1953.)

March 26 The High Authority announces abolition, as from April first, of maximum prices for iron and steel scrap purchases within the common market, and the establishment for a period of one year, of a financial arrangement for the compensation of scrap imported from third countries. (The aim of the decision is to maintain a policy of low scrap prices by diminishing part of the speculative element in the scrap market.)

April 23 Agreement signed between U. S. Government and High

Authority providing for $100 million loan at 3⅞ per cent to be repaid in 25 years. The aim of the loan is to further the development of the Community's natural resources by contributing to increasing productivity and lowering costs in the extraction industries (coal, iron ore). Agent for the loan: Export-Import Bank.

The final communique announces that means are to be sought whereby new private capital may be mobilized in America with the aid of the U. S. Government for investment in the Community.

May 11-21 Annual session of the Common Assembly to debate and vote the High Authority's annual report on the activities of the Community. The High Authority reports in particular upon:

- the steady development of the common market, as evidenced by an increase of over 23 per cent in coal and steel trade across frontiers within the six-nation area;
- the gradual growth of competition, resulting in a hastening of modernization programs, e.g., in the French coal and steel industries and in the Italian steel industry;
- The establishment of general investment objectives, and the mobilization of new sources of credit on world markets, based on the Community's guarantee fund totalling $28 million by March 1954 ($52 million by December 31st, 1954) (see April 23rd);
- the development of social policies, in particular of the readaptation of labor (see March 18th), and the allocation [of] $25 million to stimulate the construction of miners' housing;
- progress towards an Association between the Community and the United Kingdom.

The High Authority also announces that it has sent letters to the coal sales and buying agencies in Belgium (Cobechar), France (ATIC) and the Ruhr (Georg) opening discussions relative to the ending of cartel or monopoly practices.

The Assembly unanimously votes a resolution the general sense of which is to approve High Authority policy.

Alcide de Gasperi succeeds Paul-Henri Spaak as President of the Assembly.

May 12 The Chairman of the Committee on Transport reports to the President of the High Authority concerning the possible introduction of international rail through-rates for the six countries of the Community.

May 15 In consequence of High Authority statements of policy on cartels, the Dutch Government retracts its notice of appeal to the Court of Justice against the High Authority for failure to act against cartels. The notice of appeal was served on March 21st against the High Authority's decision to maintain price ceilings in the Ruhr and Nord et Pas-de-Calais, made on March 21st, stands.

May 26 An intergovernmental conference of experts from the member states of the Community, convened by the High Authority, draws up a convention instituting a European Labor Card enabling holders to obtain work anywhere in the Community free of restrictions based on nationality. The list of categories of workers entitled to hold the card drawn up by the conference, covers 56 categories of skilled workers and semi-skilled workers in the coal, steel, and iron ore industries, about ⅙th of the workers of the Community.

Aug. 1 Common market established for special steels (Community production: 3 million tons). Italy is permitted to retain an average customs protection of 10 per cent during a transitional period. The level of the duty is subject to a review after one year.

With the extension of the common market to special steels, it now covers all the products under the jurisdiction of the European Coal and Steel Community. (Common market for coal, iron ore and scrap set up February 10th, 1953, for steel on May 1st, 1953).

Aug. 19 Death of Alcide de Gasperi, Italian ex-Premier and President of the Common Assembly.

Oct. 12 Opening of European secondary school for the children of officials of the European Coal and Steel Community. This follows opening of primary school founded in 1953.

Oct. 20 Shoji Arakawa, Japanese Ambassador in Brussels, presents letters of accreditation to the High Authority as head of the newly-appointed permanent Japanese delegation to the High Authority.

Oct. 25 The High Authority allocates funds for the retraining of labor temporarily redundant by the merger of four steel firms in Central France as a result of competition on the common market. The minimum 40-hour week salary is to be guaranteed to workers temporarily unemployed (all are expected to be reabsorbed within two years as a result of increased business) and training in new skills is to be provided free.

Oct. 28 First public session of the Court of Justice. The Court hears appeals by the French and Italian Governments and two Italian steel producers' associations against the High Authority's decision of January 7th, 1954, to revise its Fair Trading Code. The Court's findings are final and binding on all parties.

Nov. 13 Jean Monnet, President of the High Authority, announces that he will not stand for reelection for a second term of office on February 10th. His aim: "to take part with complete personal freedom of action and speech in the construction of European unity . . . That which is now well on the road to success in the field of coal and steel in the six member countries of the Community must be followed through to its ultimate objective: the United States of Europe."

Nov. 19 Nineteen trades unionists from the Community arrive in the USA for a month's tour to study the techniques of readaptation applied in the expanding American economy. Their hope is to be able to adapt American experience, where possible, to the new conditions created in Europe as a result of the common market (see Oct. 25).

Nov. 29-Dec. 2 Fourth special meeting of the Common Assembly, which heard a statement on the Community's progress by Jean Monnet, President of the High Authority, who discussed investments, cartels and the question of increased political powers. He reported increased trade in coal among Community countries. In steel "the common market appears to be the decisive factor in the conversion of enterprises . . . it has cushioned the effects of a recession and of an expanding economy. It has reduced instability in production and prices."

Monnet said that "for the first time the reduction of activity in the U. S. has had little influence on the countries of the Community. The economic revival in our countries has preceded that of the U. S. by several months."

The volume of trade in steel among the Community countries was 75 per cent higher than in 1952, he said, and prices had on the whole remained lower than they were immediately after the establishment of the common market.

In a joint motion the Catholic, Radical and Socialist groups in the Assembly called on M. Monnet to reconsider his decision not to stand for re-election. They also laid down the procedure to be adopted before and after the election, in February, of a new President of the High Authority.

The motion called on M. Pella to have talks with the six governments of the Community countries before the election of a new President. It also asked the newly elected High Authority President to come before the Common Assembly immediately after election to outline his general policy.

The Common Assembly approved the High Authority's cartel policy, and approved a motion submitted by Pierre-Henri Teitgen for increased powers. The High Authority's social policy will, it was decided, be discussed at the next February meeting.

Dec. 8 A decision of the Council of Ministers ratifies the convention on the Free Movement of Labor (see May 26). After social legislation has been adapted to the new convention in some member countries of the Community the agreement will go into force.

Dec. 13 High Authority announces the lending out (on Dec. 31) of the first $60 million of the U. S. loan to coal and iron ore mines in the Community for modernisation, in particular as regards the construction of thermal power stations. Rates 4.1 per cent for 25 years. The rest of the funds ($40 million) are to be lent early in 1955.

Dec. 20 The Court justices, in response to appeals by the French and Italian Governments (see Oct. 28), rule that no margin may, in the future, be allowed within which firms may change their prices without publishing the changes (see Jan. 7).

Dec. 21 Treaty of Association between the European Coal and Steel Community and the United Kingdom signed in London.