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ASSEMBLY URGES EXTENSION OF COMMUNITY'S FEDERAL POWERS

The 78-member Common Assembly convened at its third annual regular session last month (May 10-14) and passed two resolutions calling for integration of Europe's transport and extension of the Community's powers.

The resolution on transport expressed the Common Assembly's opinion that the time had come for the member countries of the Community to integrate transport as a whole, such unification being "an economic necessity."

The resolution therefore called on the Community's Council of Ministers:

1. to ask the six governments of the Community countries to convene a commission of specialists to examine the coordination and integration of European transport, the specialists acting independently of national governments and of particular transport interests;

2. to instruct the commission to make proposals for the coordination and integration of European transport as a whole, and to send its findings to the six national transport ministers, the Community's Council of Ministers, and the High Authority. The resolution suggested that Swiss and Austrian Government representatives be invited to attend the transport Commission as observers.

A second resolution drafted by members of all three of the Common Assembly's political groups (Liberals, Socialists and Christian-Democrats) asked that the Foreign Ministers of the Community in their meeting at Messina, Sicily, in June:

1. invite proposals from the Community on an expansion of its competence and of its powers needed to carry out its task efficiently;

2. propose one or more inter-governmental conferences *to draw up, with the help of the Community's institutions, draft treaties required for the realization of further stages in European integration, of which the European Community for Coal and Steel is the first step.*

The two resolutions represented a precedent-setting action by the Community's representative body. Members themselves viewed their move as evidence that the Common Assembly had stepped into a new arena of political responsibility. Nowhere in the Treaty establishing the Community are there specific provisions permitting recommendations by the Assembly to member governments. Ordinarily this privilege lies only in the province of the High Authority and the Council of Ministers. The basis for their action could be justified outside the Treaty only in their role as parliamentarians, elected from and by their own national parliaments to the Assembly, serving notice upon their own governments. It remained to be seen whether the individual governments, in turn, would recognize the newly-assumed political stature of the Common Assembly and act accordingly.

IN THIS ISSUE

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RENÉ MAYER TO SUCCEED MONNET

Former French Premier Nominated By Foreign Ministers

Former Premier René Mayer was chosen as the new President of the High Authority by the Council of Foreign Ministers of the six Community nations at a meeting held in Messina, Sicily, June first.

The Foreign Ministers of Belgium, France, Italy, Luxembourg, and the Netherlands, and Walter Hallstein, West Germany's State Secretary for Foreign Affairs, unanimously nominated Mayer. He was one of two candidates put forth by the French coalition Cabinet on May 25th after it had decided against asking Jean Monnet to stay on as leader of the Community. The other French candidate had been Jean Marie Louvel, former Minister of Commerce and Industry.

M. René Mayer, *after his nomination by the Foreign Ministers, was unanimously endorsed by the members of the High Authority for the Presidency of the Executive body.*

The Ministers, at the same time, reconfirmed Germany's Franz Etzel and Belgium's Albert Coppé as first and second Vice Presidents of the High Authority for a second term to expire February 10, 1957. There were no other changes in the composition of the nine-man executive body.

The decision came two weeks after M. Monnet had declared to the governments of the six nations that he would "reconsider" his resignation in the light of the positive proposals for further integration set forth in the Benelux Memorandum. Earlier several heads of the member governments had urged M. Monnet to remain as leader of the Community. He had announced his intention to resign last November in order "to take part with complete freedom of action and speech in the construction of European unity which must be concrete and real . . ."

Because M. Monnet had clearly linked his continued tenure in the job with the acceptance of new proposals to widen the federal authority of the Community, the French move was interpreted by many officials as evidence that the present French cabinet was out of sympathy with further unity steps. However, the Paris announcement counteracted this impression by stating that the Government was willing to discuss the Benelux proposals at a conference and to examine "conditions under which the development of European economic institutions can continue."

THE FIFTH ANNIVERSARY

European statesmen, the Economic Ministers of the six Community nations, and the Presidents of the Community's institutions gathered in Strasbourg on May ninth to celebrate the Fifth Anniversary of the Schuman Plan proposal.

The celebration was marked by a special session of the Common Assembly at which M. Robert Schuman, now French Minister of Justice, spoke to Assembly members. Referring to proposals for new integration measures, M. Schuman said:

"It is not up to me to predict what the intentions of the French Government are. Coalition governments are subjected to the kind of servitude from which other countries with stable and disciplined majorities are free."

M. Schuman went on to say: "But the declaration of investiture and the subsequent statements of the Government to which I belong show clearly where its will lies. Within the next three or four weeks collective decisions must be taken whose choice will determine the evolution of Europe . . . there is no reason to reject a method which has proved its worth. Precious time has been lost and other paths have been tried and found wanting. But we will not stand by with our task uncompleted. Today's ceremony is more a lesson for the future than a justification of the past."

THE BENELUX PROPOSALS

The text of the so-called "Benelux Memorandum" calling for new European integration moves had not been released to the press at this writing. However, enough has been made public by officials of member governments and by High Authority representatives themselves to present a generalized, *unofficial* version of the new proposals. These proposals were advanced before a special session of the Foreign Ministers of the six Community nations meeting at Messina, Sicily, on June first and second.

The Benelux Memorandum was prepared with a view toward providing concrete proposals for further moves toward the unity of free Europe. The proposals are in the economic field, but they look forward to institutional advances as well.

In essence the Memorandum is said to propose a pooling in three sectors of economic life: transport, electric power and atomic energy for peaceful application. In transport the Memorandum proposes a study of the development of highways, canals and airlines on a European basis and the creation of an equipment and investment pool. For electric power it proposes a committee to coordinate the most rational use of national energy resources and production programs. Atomic energy for peaceful use would be put under a common authority which would supervise the pooled use of funds and technical knowledge and would make further research available without discrimination. The association of nonmember states in these activities would be encouraged.

The reference in the Benelux Memorandum to general economic integration is believed to refer to a recommendation for promoting a common market beyond coal and steel by progressive abolition of customs duties, quantitative restrictions on imports and other national discriminations. Among other things, this might involve the setting up of a European resettlement and modernization fund. It probably would require also measures to harmonize the member states' economic, financial and customs policies, and to some extent also their labor policies (wages, hours, vacations, etc.).

The Benelux Governments have suggested that a conference should be convened among the six member countries of the Community, plus those that have signed agreements of association with the Community (i.e., the United Kingdom), to begin work on (1) a treaty on pooling of transport, power and atomic energy; (2) a treaty on general economic integration; (3) a treaty defining the shape of the common European institutions that would be needed to carry out the other proposals.

MONNET SEES DECLINE IN EUROPEAN LIVING STANDARDS WITHOUT NEW UNITY STEPS

1955

On the opening day of the Common Assembly's regular annual session on May tenth, Jean Monnet warned members of the "obvious limitations" of the Coal and Steel Community.

Speaking in his capacity as President of the High Authority, M. Monnet concluded his report on work and achievements of the executive body during the past twelve months with general comment on the future role of the Community:

"We are not doing all this work," he reminded them, "merely for the sake of having a European market, and common rules and institutions. We are doing it in order to establish better living conditions for everyone in Europe within the framework fixed by the Community.

"The venture thus launched is subject to an obvious limitation. Coal and Steel are two basic products. They condition the development of activities generally. But they have only an indirect effect on the standard of living of the individual. To improve this standard more rapidly and more directly it is necessary to go further. It is plain that we shall only reap the full benefit of the single market when these limitations have been gradually removed by means of further integration extending the pooling of resources and enabling a common economic policy to be adopted in a wider field. . . .

"Once again we are at a point where we realize that the standard of living in Europe cannot be maintained and improved unless the nations of Europe go a step further towards the achievement of their unity. It is for

M. Jean Monnet, *creator of the European Community for Coal and Steel and first President of its High Authority, sees integration as means for improving European living standards.*

the government and parliaments of our countries to decide what form this further progress shall take, and which sectors are to be progressively taken into the economic unity of Europe."

INTERNATIONAL RAIL TRANSPORT RATES LOWERED

"Transport rates are such a vital factor in the trade of bulky materials, such as coal and steel, that the abolition of the break in rates is as good as a second introduction of the single market." (Jean Monnet, Speech to Common Assembly, May 10, 1955)

On May 1st, the first break in international rail rates came as railways cut by two thirds existing extra charges on coal and iron ore crossing frontiers. (See Feb.-Mar. Bulletin, No. 5.)

By May 1, 1957, the job will be complete when all extra charges on coal, ore, steel and scrap will be ended. When "international through rates" come into full effect, an estimated $17,000,000 in across-frontier charges—a major obstacle to competition in the single market—will be removed.

The cumulative effect of High Authority decisions already taken to end discrimination in transport charges have meant as much as a 25 per cent saving in the cost of transport to many firms shipping Community goods across frontiers within the single market.

Composition of the Common Assembly

Article 21 of the Treaty creating the Community states that "the Assembly shall consist of delegates whom the parliaments of each of the member states shall be called upon to appoint once a year from among their own membership or who shall be elected by direct universal suffrage, according to the procedure determined by each respective High Contracting Party.

"The number of delegates is fixed as follows:

Belgium	10
France	18
Germany	18
Italy	18
Luxembourg	4
Netherlands	10

"The representatives of the people of the Saar are included in the number of delegates attributed to France."

SOME CRUCIAL PROBLEMS FACING THE EUROPEAN COMMUNITY FOR COAL AND STEEL

By WILLIAM DIEBOLD, JR.

EDITOR'S NOTE: The following article contains comments by an American economist on present-day problems of the Coal and Steel Community. The writer is Director of Economic Studies at the New York Council on Foreign Relations and author of *Trade and Payments in Western Europe*, (Harpers, 1952), a study dealing with postwar economic cooperation in Western Europe. He is now working on a companion book about the Schuman Plan. Views expressed in this article are solely those of the writer.

To say that the European Coal and Steel Community faces a large number of problems is only to say that it is alive. At every moment since taking office, the men who make up the High Authority and the other organs of the Community have had to deal with an interminable series of complex and important problems. Some have been solved, others have disappeared; in old or new forms many continue to turn up from week to week on the agendas in Luxembourg. The history of these problems is the record of the Community.

Judgment of the strengths and weaknesses of the undertaking depends on a study of the minutiae of these issues because the Community's problems manifest themselves in specific terms. They will for the most part be solved, or not solved, by a congeries of specific acts. But each of the specific issues is a part of a more general problem. In this article I want to comment briefly on only four of these, each of them actually a cluster of problems rather than a single clearly-delineated one. Never disposed of by a specific decision, these problems are before the Community all of the time and suffuse all of its work.

I. The Community and European union.

From the beginning the designers of the Community, who were also prophets, envisaged it as part of a greater structure of political and economic unity in Western Europe. This emphasis scared away some people who saw no future in federalism, but on balance it probably garnered support for the enterprise. The collapse of the EDC was therefore undoubtedly a setback for the Coal and Steel Community. The lost ground has not been wholly regained. The threatened departure of Jean Monnet was a signal of failure for many, especially those who doubted the efficacy, or even the desirability, of the coal and steel pool except in the larger framework.

Arguing *a priori* one could imagine two broad alternatives for the Coal and Steel Community after the collapse of the EDC. It might wither on the vine or it might take on new life if the forces making for European unity gathered behind it as the only effective symbol and working demonstration of their cause. Both these possibilities still exist but events have not clearly borne out either of them. The rapid turn to Western European Union reflected the priority of defense, the need for Western solidarity on *some* basis (which could only be the lowest common denominator), and the triumph in France of the conviction that national redressment was the essential prerequisite for an effective foreign policy, whatever that policy might be. These events passed by the Coal and Steel Community but it did not fall by the wayside. Some observers reported numbness in Luxembourg in the first days after the EDC collapse. By last fall that had been replaced by a sober, realistic effort to continue the work of the Community in the fields where it could expect to operate effectively without great changes in the political structure of Western Europe. British association with the Community, paralleling in an interesting fashion the British association with Continental countries in Western European Union, may not be quite so striking a testimonial to the importance of the Community as some people believe. It is, however, an indication that the Community can carry on activity in the new circumstances.

Some people advocate using the Coal and Steel Community as the basis for a new structure of European union. One proposal is to have the Common Assembly elected directly by the voters of the member countries. This seems an unlikely development in the near future and it is not certain that its result would be to make the Community more supranationally independent. Others suggest that the High Authority be given more powers over such matters as taxes and exchange rates in order to overcome some of the difficulties of creating a common market for coal and steel. These, too, lack the ring of probability, at least for the immediate future. Proposals for "equalizing the conditions of competition" by making wages and social security charges uniform throughout the Community hardly seem more probable. It may be, however, that governments will prove willing to let the High Authority take an effective lead in some matters over which it has no formal control by refraining from using their veto power or by shaping their policies so that action by the High Authority would be decisive. There is more serious talk about extending the Community's scope to include other forms of energy than coal, such as electricity, gas, oil, or even atomic power. Should governments prove willing to take serious steps in this direction, the Community's status and power might increase significantly.

The position of the Coal and Steel Community in the broad political structure of Europe does not at present seem to be a question of life or death, but rather one of the importance and character of the Community. Whichever way matters develop, the determining forces seem likely to come from outside the Community, not from what it does about coal and steel.

II. Working with governments.

The Constitution of the Community—the Treaty—prescribes a division of powers. Some are exercised by the High Authority alone; some are left to governments; some are shared by the High Authority and the governments in a variety of combinations. In a number of cases the High Authority has already reached the point at which further measures to make the common market function effectively require action by governments. The agreements on transportation rates and the free movement of certain workers recently reported in this BULLETIN are good examples; both are essentially intergovernmental agreements for which the High Authority has been instigator and catalyst. In such matters, the development of the Community is clearly in the hands of the participating governments. They gave up many powers when they ratified the treaty, but they retained enough power to limit the functioning of the Community and in fact—whatever may be the position in law—to undo it.

Even apart from issues requiring specific governmental agreement, the activities of the Community depend in large measure on what governments are willing or able to do. Although the High Authority can exercise an influence on investment and the long-range planning of production in coal and steel, the governments also have an influence, and probably a greater one. For instance, their general economic policies may strongly affect the demand for coal and steel as well as their cost of production. This has been recognized by the High Authority's activities in bringing together spokesmen for the various governments who discuss the main lines of their national economic policies in order to discover what prospects they offer for the coal and steel industries and what problems may arise that would affect the common market. In other fields, for instance cartel policy, the effectiveness of action by the High Authority may well depend on either the acquiescence or the active cooperation of governments.

In a sense there is a constant tug of war within the Community between the High Authority and the national governments. Or at least there might be such a tug of war. One gains the impression that the High Authority is going out of its way to get the greatest possible consensus among the governments before acting, even when matters fall within its sphere of sole jurisdiction. In this matter, it is plain, the young executive body must steer a delicate course so as to get as much general support as possible while still demonstrating its effective, as well as legal, right to act independently.

How the High Authority works with the governments is one of the key issues to watch in judging the course of the Coal and Steel Community. On the one hand, the effective working of the common market in any but the narrow, though real, sense already achieved, seems to depend on the willingness of governments to take further action. On the other, if they prove to be willing in the future as they have largely been to date, that in itself will be testimony to the effectiveness of the pool and its possibilities.

III. Partial Economic Integration.

The problems arising under this head are the economic counterpart of the more or less political problems just outlined. By now this is familiar ground to those who have read much about the Community, and it can be sketched briefly. Ignoring the question of relations with the rest of the world, the integration of the Coal and Steel Community is partial in two senses. First, not all policies and measures affecting the common market are in the High Authority's jurisdiction. The most familiar exception, perhaps because it is the most extreme and most easily grasped, is determination of exchange rates. These are quite outside the High Authority's jurisdiction, but if altered by one country in the pool could seriously affect not only the flow of trade but all calculations about costs on which investment decisions and other activities have been based. The treaty recognizes this by a sort of escape clause (Art. 67), but the real problem is not to waive the Treaty provisions but to find ways of making them operate in the face of such potential difficulties.

The second sense in which the pool is partial is that each of the industries in the common market also operates in a national economy. In each country many crucial decisions are taken without much reference to the rest of the Community complex, in terms of a national market, not a common one. The easiest and most familiar examples concern taxes and wages, both responsive primarily to forces outside the High Authority's jurisdiction. More complex, but perhaps even more important factors in some circumstances, would be the general character of national economic policies, their expansive or contractive tendencies, their inflationary or deflationary elements, and the like. So far, the Community has not suffered any great difficulties on this score, and perhaps it will not, but that depends less on what it does than on what the separate participating nations do.

There are no formulae for solving these problems short of expanding the pool to cover all major economic activities, and this is not in the cards. The question is whether the weaknesses of partial integration will seriously hamper, or even destroy, the working of the common market; or whether the desire to keep the advantages of the pool will influence governments to shape their policies so as to avoid these results; or whether some mixed result, with uneven effects and tendencies, will eventuate.

IV. Government and Business.

The High Authority must deal not only with governments but with the enterprises, public and private, in the coal and steel industries. Here it faces all the problems of government supervision of business that have become familiar throughout the world. To these are added the difficulties inherent in its newness as an administrative organ, the uncertainties and imperfections of its political underpinnings, and the lack of the full panoply of governmental powers. No one knows better than the men in Luxembourg that fiat based on paper power will not suffice to carry out the purposes of the Treaty. They appear to be approaching their task cautiously. By reason and negotiation they hope to carry along the enterprises of the Community and to gain support from as many groups as possible, while at the same time exercising their authority where that seems likely to be effective as well as necessary. They seek to govern by consent. The wisdom of this course is obvious but it remains to be seen whether the High Authority can win consent to a set of policies that will provide the economic benefits hoped for from a common market.

An article in the April issue of this BULLETIN set out the main features of cartel policy and clearly differentiated the question of concentration. It rightly supported the claim that the Treaty promulgates an anti-trust law. But the problem is made more difficult by the fact that many of the people concerned, and not only in the industry, do not fully accept the principles of this approach. Even among those who do accept it, there is a wide difference of opinion as to just what constitutes effective and "workable" competition in steel making and coal mining.

Some of the complexities show up in the matter of price policy. In the name of competition the Treaty calls for a system of pricing that uses basing points, a method identified in the United States with some famous restrictive business practices. The superficial resemblance may be misleading, but a further difficulty arises when one discovers that the published prices appear to have been set by agreement among the firms in the industry. There is no room here to argue about what this means, or what effects it has, or whether another price structure can somehow be obtained. One sometimes gets the impression that those charged with the task of public supervision feel that the main aim, at least initially, is just to get the prices out in the open where they can be watched. They may be right. In any case the intricacies of pricing practices are another crucial area in which the performance of the Community will be tested.

There is nothing in the new rules to prevent companies from lowering prices if they think that will increase sales, but many of the producers do not seem to look on price-cutting as a proper way to compete. Even buyers have not always responded to the incentives of the new price structure. In October, 1953, the High Authority called attention to the "limited interpenetration of markets" resulting, in part, from "the loyalty buyers show to their traditional suppliers." The increase in trade in coal and steel among the countries of the Community may indicate that the new possibilities are being exploited more fully, but one can find many businessmen who say that the existence of the common market has made no substantial difference to the conduct of their business, the markets for their products, or the source of their supplies. To the extent that producers and consumers do not behave like the economic men of the textbooks, the High Authority faces still another complex question of the relation of business and government.

Whatever the High Authority tries to do in the field of supervising business, it is exposed to all the attacks a national government with a wider array of powers would be exposed to. Not only is it sometimes accused of *dirigisme*, but inevitably its actions are further scrutinized to see if a business group of one nation is given an advantage over that of another. Justice must be tempered not only by prudence but by a sense of psychological equilibrium among nations. This applies not only to the strictly regulatory activities of the High Authority, but also to the sphere of activity in which it has the chance to help particular businesses by loans or the provision of aid for adaptation or even by the more generalized assistance of subsidized research. Here, too, it is accused of *dirigisme*, but even more important, it faces a problem that governments have learned something about over the years: It is one thing to ban or channelize activity; it is much harder to stimulate when the government is not buying or producing or at least controlling the supply of money. Here the effective decisions are in the hands of the businessmen and the main means of stimulus or influence are probably still in the hands of the national governments.

One cannot be brief and do justice to the problems of public supervision of business that face the Coal and Steel Community. Perhaps enough has been said to suggest that here is a broad area of problems comparable to the others sketched above on which the future character of the Coal and Steel Community depends.

COMMUNITY TAXES TO BE CUT

Tax Reduction Move Evokes Criticism

The High Authority's decision to reduce sharply its tax levy on Community coal and steel production touched off vigorous criticism from all three political groups in the Common Assembly last month.

Community taxes were slated to be slashed from 0.9 per cent (on the average value of the annual production of Community products) to 0.7 per cent as from July 1, 1955, and to 0.45 per cent as of January 1, 1956.

Guy Mollet, French Socialist leader, M.G.M. Nederhorst, Dutch Socialist leader, and François de Menthon, French Christian-Democrat leader, attacked the High Authority on the grounds:

1) that it risked reducing the High Authority funds to a dangerously low level;

2) that it gave rise to fears that the High Authority intended to adopt a "modest" social policy at a time when the scope of its social policy should be increased;

3) that it meant Community coal and steel firms, at a point of high economic activity, would not reduce prices but would simply increase their profits, in which labor would have no share, and

4) that it would be difficult to raise the rate of the levy after having lowered it.

Each of the three political groups in the Assembly put forward their own resolutions asking the High Authority to reconsider its decision. With members of the Assembly voting along party lines, the resolution proposed by the Liberals was finally passed. It said:

"The Common Assembly deplores the decision of the High Authority to reduce the rate of the levy before having outlined its long-term policy before the Common Assembly, and with no knowledge of the steps that will be taken on June 1 by the Council of Ministers".

Replying to critics, High Authority President Jean Monnet said the executive body reserved the right to raise the rate of the levy immediately, if this proved necessary. It would, however, not be in the interests of the Community to keep the rate at an unjustifiably high level. He declared that the High Authority would, despite the tax reduction, shortly accumulate $100 million in the Guarantee Fund, $40 to $50 millions in the Resettlement Fund and $10 millions in the Technical Research Fund, over and above the $10 million needed annually for expenditure on the Community's institutions.

In answering fears that the Community's social program would suffer because of the tax cuts, M. Monnet said: "If you wish to see the High Authority expand its social policy, there is no sense in asking the High Authority to increase the levy, for this would in no way increase the means at the High Authority's disposal for using these funds. Only the six governments of the Community countries can provide it with a larger scope. The Common Assembly should therefore address its requests to the national governments and not to the High Authority."

REFORM IN THE RUHR

Breakup Ordered of Coal Sales Cartel

The first major action against cartels by the Coal and Steel Community was announced by High Authority Vice President Franz Etzel to the Common Assembly last month.

Speaking before the regular annual session of the Assembly in Strasbourg on May 11, the High Authority member reported that the High Authority has moved to end the coal sales monopoly in the Ruhr which is held by the Gemeinschaftsorganisation Ruhrkohle—more commonly known as the GEORG. The sales organization had frequently been singled out by critics as an example of a cartel group which had continued to operate within the Community despite violation of "anti-trust" laws.

The Existing Organization

Under the present setup, GEORG controls six formally independent sales agencies handling all coal produced in the Ruhr. The agencies had been put into operation following an agreement reached by the Allied High Commission and the German Government in 1952. The Agreement also established a coordinating body, GEORG, which rapidly accumulated all effective control over sales of Ruhr coal. As a result, today the agencies have the same price lists, sales policy, and, in many areas, the same sales agents. Consequently, GEORG has the power to direct deliveries to consumers as it wishes and to allocate orders among coal companies "to ensure the stability of employment." This latter argument had been one of the strongest barriers in the way of forcing a showdown since the High Authority found itself facing the objections not only of the coal owners but of organized labor as well.

Fifteen months of discussion with German owners, trade unions, and dealers, as well as with the Bonn Government, preceded proposal of the new formula which the High Authority has found acceptable. Negotiations were conducted with the policy in mind that there was a need

M. Franz Etzel, Vice-President of the High Authority, outlining the proposed plan for GEORG at the May session of the Common Assembly.

to reconcile the need for competition in the single market with the need to maintain stable employment "which by its very nature is opposed to free competition."

The New Setup

Finally, a line was drawn between the sales which must be made through independent agencies to secure competition and those which could be made through a common bureau set up by the agencies to make some allocation of orders possible—and therefore maintain employment stability among the miners.

Under the proposed arrangement still to be confirmed by the collieries, six agencies must have separate price lists, their own sales policy, and after a transition period, their own marketing organizations. Each agency now represents between eight and eleven of the Ruhr's 55 mines. Under the new formula, collieries will be free to leave the agencies but will require High Authority agreement to join one. However, they are permitted to sell through a common sales bureau to big consumers such as railways and utilities who buy over 50,000 tons annually but who number only about one per cent of all buyers.

Of the 72 million tons of coal the cartel sold in the Community annually, 47 million in the future will be sold by the independent agencies and a maximum of 25 million will be handled by the common bureau. Of this latter amount, ten million tons go to the German state railways. This tonnage, of virtually one kind of coal, can only be supplied by a limited number of collieries. Thus the central bureau will effectively handle about 15 million tons for allocation among collieries as against 80 millions handled by GEORG today.

GEORG itself will, in the future, retain "only a series of activities which are not considered to restrict competition" such as research, market studies, publicity, and advice on transport policy.

M. Etzel said that the attack on the coal cartels had begun with the Ruhr because this was the largest and most powerful unit in the complex of cartel organizations which have so far dominated the coal market of Europe. But M. Etzel said that the High Authority will next examine the coal situation in Belgium, France and the Saar to ensure that it is sold under conditions compatible with the single market's aim of increasing competition.

BELGIAN COAL LOSING PRICE PROPS

New Moves to Make Mines Competitive

The High Authority and the Belgian Government has decided on drastic measures to make Belgium's coal mines competitive in the Community's common market.

The problem of Belgium's high cost coal production has been described in a previous issue of the Bulletin ("Belgium, Belgian Coal and the Community", December, 1954, No. 3). Today Belgium's coal producers sell on the common market because they benefit by a subsidy from the Community's "equalisation fund". But this will decrease progressively from 1956 onwards till it ends in 1958.

Now the High Authority and the Belgian Government have decided that mines which can already stand on their own feet will not receive further subsidies. This decision immediately affects three big mines in the Campine field.

Further, anthracite coal, which is in short supply in Europe and for which demand is steady, will no longer be subsidized. All anthracite prices will be freed.

These two decisions end subsidies for an estimated one quarter of Belgian coal production. Their effect will be to increase funds available for collieries producers who hope to become competitive if they invest and reorganize sufficiently.

The Belgian Government has agreed to a High Authority request to facilitate the financing of investments at low rates of interest (current plans for modernising the coal industry have so far been held up by shortages of capital); and to cooperate in withdrawing the "equalisation" subsidy from firms failing to make necessary investments or refusing to participate in the rearrangement of concessions necessary for lower production costs.

The High Authority and the Belgian Government are, during the transitional period, jointly responsible for payments from the Community's "equalisation fund" and therefore are involved together in policy for the Belgian mining industry.

They are still working out details on joint decisions for mines in the Borinage coalfield which studies have shown can never be profitable. These condemned pits have an output of about 1½ million tons—against 30 million for the industry as a whole.

The main problem raised by these low-output pits is the fate of about 1,500 miners who will find it difficult to obtain alternative jobs. The Community must aid them—either by ensuring that they do not lose wages during the reconversion period or by providing them with facilities to train in new skills or move to new areas.

The High Authority has agreed in principle to give 200 million Belgian francs ($4,000,000) towards this "resettlement", and to examine how another one hundred million may be allocated. Equal sums are to be provided by the Belgian Government.