



Bulletin from the
EUROPEAN
COMMUNITY
for coal and steel

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COMMON ASSEMBLY STAGES FALL SESSION

Members Hear Etzel Report on Dissolution of Coal Cartel

The Community's Common Assembly held its first extraordinary session of 1955-56 (from November 22 to 25) where High Authority Vice President Franz Etzel made a long-awaited report on the decision to dissolve GEORG, the Ruhr coal cartel.

Speaking for the High Authority, M. Etzel said that the German coal sales monopoly would be broken up by creating three autonomous sales organizations for Ruhr coal. GEORG (the Gemeinschaftsorganisation Ruhrkohle) is a strong, central sales organization linking six coal sales agencies, which wields virtually complete control over prices and allocations of coal from the Ruhr. (See "Reform in the Ruhr," ECC&S Bulletin #8, June, 1955.)

Under the new setup, M. Etzel said that the three sales agencies would maintain independent policies. Furthermore, he said that the High Authority would supervise the activities of the new agencies—a power which it could not exercise over GEORG—to make sure they did not violate the letter and spirit of Article 65 of the Treaty, the Community's "anti-trust law."

He reported substantial progress toward breaking up the Belgian coal sales monopoly COBECHAR (Comptoir Belge des Charbonnières). The Belgian organization, he said, had agreed to reorganize itself immediately in order to end infringements upon the Treaty's anti-cartel and fair-trade codes.

However, the former German trade union leader was less optimistic over progress so far in negotiations to strip the French national coal importing monopoly, ATIC, (Association Technique de l'Importation Charbonnière) of its restrictive powers. Under present conditions, French coal consumers cannot buy coal from other Community countries except through ATIC. The French Government can also halt shipments of coal from non-French nations to French coal dealers and consumers who may not be classified by the Government as "wholesale dealers".

In reply to Assembly criticism concerning the High Authority's action toward ATIC, M. Etzel said that a French decision was expected within the next month regarding modification of ATIC's status. He promised

that the High Authority would seek judicial action against the French Government if it refused to conform to the Treaty.

Mayer Sees Danger of Energy Shortage

High Authority President René Mayer told the Assembly that Community steel production had climbed at the unprecedented rate of 20 per cent for 1955 and that the total output was expected to be over 52 million metric tons for the 12-month period. Over-all industrial activity within the Community, he said, had shot up 13 per cent, and energy consumption had increased 6.5 per cent in the same period. He contrasted this heavy expansion rate with an increase of only two per cent in the output of coal.

The vivid contrast between coal production and consumption in the past year, according to M. Mayer, underscored the concern which the High Authority has for Europe's future energy requirements. He said that there is a real fear that the present rate of expansion of the European economy may be suddenly slowed only by the lack of enough power to meet new industry demands.

Pella Urges Assembly to Widen Activities

Guiseppe Pella, President of the Common Assembly, opened debate in the Assembly by stating that recent progress toward the "European idea" reinforced his belief that the Community's parliamentary body should seek

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FRANZ ETZEL



GIUSEPPI PELLA

to play a wider role in European affairs pertaining to integration.

"Our Assembly, which is the only European Parliament with deliberative powers, must find the means for assuming more of a role as a political body in the true sense of the word," he said. M. Pella declared that the Community's Treaty could be considered only as a "starting point" and that the time had come to widen the field of the Assembly's activities. Speaking of the various forms that have been proposed for political integration in

Europe, the Assembly President maintained that members should keep in mind that ". . . it is up to the Assembly to exert a political influence upon anything that may lead to greater unity between our countries. The unity of our own political influence," he warned, however, "cannot be an obstacle against an eventual plurality of bodies or executive institutions, if the technical and political conditions should make such a plurality appear to be required."

Assembly Members Seek Wider Parliamentary Control

Observers at the four-day Assembly session were impressed with the vigor of the Assembly's debates and the Assembly's development as a European parliamentary body. A report presented by Assembly member Alain Poher urged a wider and closer parliamentary control over Community affairs. Among measures suggested in the Poher Report were the establishment of direct contact with the Community's Council of Ministers, the setting up of an inter-parliamentary group with the British Parliament, direct liaison with the parliaments of the six member countries, and annual debates on the Community in each national parliament.

TRADE UNIONS DEMAND MORE ACTIVE SOCIAL POLICY

Labor Leaders Threaten Walkout from Consultative Committee

Community labor unions issued an ultimatum in Luxembourg last month when they threatened to walk out of the High Authority's Consultative Committee.* The move came after a virtual showdown debate on the Community's social policy. Labor representatives on the 51-man Committee maintain that the High Authority has fallen behind in its Treaty obligations to workers within the Community. During a debate within the Committee, which acts in an advisory capacity to the High Authority, labor members claimed that the Committee had repeatedly failed to discuss social policy. It was agreed to defer debate on the Trade Unions' grievances until November 29th.

In an Interview Belgian Trade Unionist Explains Labor's Viewpoint



A leader in the labor revolt was André Renard, deputy Secretary-General of the Belgian General Federation of Labor (affiliated with the International Confederation of Free Trade Unions) and President of the "Workers' Group" in the Consultative Committee. In the following interview, M. Renard explains the trade unionists' view of the situation.

M. Renard, you and your colleagues of all the non-

* The Consultative Committee, composed of 51 producers', workers' and consumers' representatives (each group being represented in equal number) advises the High Authority on questions the latter puts before it for debate. Under the Treaty the High Authority must consult the Consultative Committee on most major policy matters.

Communist labor unions have long been supporters of European unity. Does your latest stand imply a change of attitude?

No, it does not. We are not asking less of the Community, but more. We are as convinced as ever that European unity is necessary to raise living standards. But we do not agree with a view which is, I think, too common in the Community: that rising living standards will automatically result from an expanding single market. We believe that the workers must fight for better conditions in order to get them.

In America, unions are obtaining a guaranteed annual wage and shorter working hours *before* the widespread introduction of automation, *not* after. America is preparing socially for the new economic developments and hastening them in the process. We must do the same in Europe.

A principle aim of the Treaty instituting the Community is to harmonize standards of living and of work in our six countries in an upward direction. Too little has been done to work towards this objective. In particular, the Consultative Committee, where we sit to put forward the worker's point of view, has failed to debate social policy. If it looks on November 29 as if it will continue to remain inactive, we shall consider leaving it. It will no longer have anything to offer us.

What would you hope to gain by quitting the Consultative Committee?

We would force the issue. It is possible that the action of the Trade Unions might at a later stage lead to one of the party groups in the Common Assembly of the Community proposing a motion of censure of the High Authority.

What would you consider sufficient action by the High Authority on November 29?

We shall be satisfied if the High Authority puts to the Consultative Committee the questions it already asked in February, 1954, at a time when discussion on them was perhaps premature. The High Authority then asked the Committee to state what it considered to be the priorities in social policy, what studies should be undertaken, and what solutions envisaged. A year ago, in December, 1954, the Committee unanimously advised the High Authority to begin by studying ways of harmonizing the length of working weeks in the different Community countries, holidays with pay, overtime rates and so on.

M. Mayer told the Committee last week that the High Authority has almost finished its study of the length of the working week in the member countries. Now these questions must be brought again before the Committee.

We want to draw up a list of priorities, not merely for those, but for all the questions that must be studied, and similarly to suggest methods of studying and solving them.

What reforms do you have in mind?

We want to work towards Community-wide collective bargaining codes in the coal and steel industries. Our final aim is to negotiate Community-wide minimum wage agreements. But we cannot do that yet. So we mean to begin by setting maximum working hours in the Community, fixing overtime rates, and so on.

There are precedents for this approach. It has been possible, for instance, to fix a code for Rhine shipping in which similar conditions of employment are internationally applied. This was done after World War II through the International Labor Organization. The same should be possible in the Community. Conditions from country to country do not diverge so sharply that a Community code would be impossible to apply. In any case, we should fix reasonable standards which could be universally applied. We should not begin by going into minor details.

The aim, as you see, is to create a genuine social Community parallel with the economic Community which already exists. They must go hand-in-hand if lasting benefits are to be obtained.

But if, as you say, these questions are already under consideration in the Community, why are you making an issue of the Community's failure to take them up?

Because a greater sense of urgency is needed. What happens when Community trade unions negotiate for better conditions today? The employers refer them to their government. Their government refers them to the High Authority. The High Authority refers them to their government. This was our experience in Belgium when the coal and steel unions successfully fought for a shortening of the working week from 48 to 45 hours. But they were hampered by the confusion of sovereignties that now exists. This confusion must be overcome on the European level, because whatever happens in one of our countries today affects the others. But if the Community cannot face the problem effectively and soon, then we shall be forced to go back to negotiations on the purely national level. That would be a great pity.

Your argument seems to imply that the High Authority should take over some of the supervisory powers which national governments now exercise in the wage field. There is no sanction for this in the Treaty.

We do not ask the High Authority to supervise collective bargaining. We know it cannot. But it can provide opportunities for social progress which it so far has not

provided. The High Authority should, in our eyes, have three tasks.

First, it must undertake studies that no international organization could successfully carry through. It is doing that, for instance, by comparing real wages between the Community countries, and we are satisfied on this count.

Second, it should set targets for its social policy, as it does in the economic field. This it has not done.

Third, it should provide new possibilities for negotiation on the Community level by bringing employers and workers together to discuss specific questions.

I mean this: suppose the Consultative Committee were to vote overwhelmingly in favor of a resolution advising the High Authority to harmonize working hours, overtime pay and holidays with pay in the Community. Do you think there would be any difficulty for the High Authority to convene a conference of workers and employers to negotiate on these questions? The Consultative Committee would not be involved and would not therefore be exceeding its powers. But the fact that most of the people taking part in the negotiations would already have backed the scheme in the Consultative Committee would be a guarantee of final success.

What if the Committee did not vote overwhelmingly in favor of negotiations?

The situation would be clarified and we would know what action to take. I do not in fact think the producers would think it wise to oppose.

Effective trade union action would imply great unity of purpose among the trade unions of the six countries. You are confident this unity exists?

I have no doubt the unions of the six countries would act together. In our action in the Consultative Committee we have also the full agreement of the Christian Trade Union Confederation of the Community. Further, on the question of reducing working hours in particular, we have been told by our American labor colleagues that we shall have their full support in any action we undertake.

Critics of your action in the Community have suggested it would be simpler to extend the social powers of European institutions from outside the Community, by new delegations of national sovereignty, than to criticize the High Authority for the lack of powers conferred upon it in the social field by the Treaty. These people refer to the proposals for further European integration now being considered by the "New Drive for Europe" Committees here in Brussels and to the "Action Committee for a United States of Europe" recently formed by M. Jean Monnet. What do you think of this view?

Trade union action in the Community would reinforce trade union action elsewhere. Leaders of all the main non-Communist unions in the Community countries, myself included, have joined M. Monnet's Action Committee. We intend to ensure that future European Communities do not suffer from the limitations on social policy imposed by the Coal and Steel Pool Treaty.

Our aim is to see a European Economic and Social Council formed, with powers to recommend policies to the European executive institutions. It would be similar to the Councils which already exist in most of our countries. In fact, we are trying to transplant into the European field the kind of life that goes to make social policy in each of our countries. This is one of the main factors of national cohesion. Europe must have the same kind of cohesion if its growth is to be vigorous and healthy. A healthy Europe that provides rising living standards for all our peoples is the aim of the trade unions in the Community.



The Council of Association between the United Kingdom and the High Authority at its inaugural meeting in Luxembourg on November 17. On the left (left to right) are: MM. Albert Wehrer, Franz Etzel, René Mayer (Chairman), Dirk Spiereburg. Facing, (left to right) are members of the British delegation: Sir Hubert Houldsworth, Chairman of the National Coal Board, the Hon. L. Joynson-Hicks, Parliamentary Secretary to the Ministry of Fuel and Power, Peter Thorneycroft, President of the Board of Trade, and Sir Archibald Forbes, Chairman of the Iron and Steel Board. Facing are the Joint Secretaries of the Council, Luciano Giretti for the High Authority and James Marjoribanks for the British delegation.

ASSOCIATION COUNCIL MEETS

Luxembourg was the scene last month of Britain's venture into an official relationship with Europe's first supranational authority. High Authority President René Mayer presided at the opening meeting of the Council of Association which was established by treaty between the United Kingdom and the Community.

Britain's Board of Trade President, Peter Thorneycroft, led the four-man British delegation in an exchange of views with High Authority members on the coal and steel situation between Britain and the Community. In the first order of business, the Council set up three standing committees on coal, steel, and trade relations. Coal was priority consideration because of the European coal shortage and the British decision to restrict 1956 coal exports.

A full meeting of the coal committee was set for December 7 in London with a steel committee meeting to follow on the 15th and a trade relations committee meeting to convene on January 9, 1956.

Commenting on the meeting, the London *Financial Times* cited close relations between Britain and the Community as, in part, responsible for "remarkably few shouts of 'perfidious Albion'" from the Continent as a result of the British decision to cut coal exports. The *Financial Times* added that the changing relationship between Britain and the Community in economic affairs today is underlined by the fact that Britain now is a net importer of coal from the Continent.

The *Manchester Guardian*, in an editorial, regarded as "unfortunate" Britain's steps to curtail coal exports on the eve of the first Association meeting. Frankly critical of the United Kingdom's restrictions on coal, the *Guardian* commented: "If we had searched more energetically for ways of changing (as eventually we must) to other fuels, we might have avoided cutting off these long-established (continental) markets. 'Association' will have to be more intimate than this if it is to be other than a phrase."

STEEL CONSUMERS ASSESS BENEFITS OF SINGLE MARKET

Community Steel Users at Luxembourg Conference Express Wide Range of Views

At a conference held in Luxembourg last month, representatives of steel consumers in the six Community nations met to discuss the effects of the European single market for steel. The declared aim of the single market, which opened in 1953, was to benefit steel consumers by encouraging competition among producers in a broad new market, thus enabling consumers to buy at the best terms from efficient and competitive producers. The High Authority, therefore, attached particular importance to the conference, the first of its kind held in Luxembourg.

Various delegates expressed widely divergent views toward the actual benefits of the single market. Attitudes

varied according to traditional concepts of internal and external trade and therefore tended to be grouped nationally. However, views were also modified by the actual size of the consumer's plant operations and the constancy of his demand for steel. Although western European steel producers, like Americans, are enjoying a seller's market, the conference revealed that consumers complained less about prices than about delivery dates.

Following are interviews with three of the delegates to the steel consumers' conference: a Frenchman, a Dutchman, and a German. They represent some of the main points of view expressed at the meeting.



A French Consumer

M. JEAN CONSTANT is President of the Association des Utilisateurs de Produits Sidérurgiques in his own country. The Association is one of the two which represent the interests of French steel consumers. It has a wide membership, ranging from big firms like Peugeot, the French automobile plant, to small workshop-factories throughout the country.

M. Constant, you were critical of some aspects of the single market at the conference. Where do you think it has failed to measure up to your hopes?

The single market is, I believe, a reality for some big consumers, who can and do buy freely across frontiers. But for the majority of small consumers this is not so. They are not yet liberated from the domination of the market by the producer. Much of the day-to-day trading practices on the market are still affected by old national-market habits and must be changed.

In fact, a small consumer cannot buy across a frontier?

He can try. Sometimes he may succeed. But usually he does not.

Then how do you explain that across-frontier steel trade in the Community area has tripled since the single market was established?

The figures are certainly impressive. Yet I suspect that if the figures distinguished more clearly between I) pig iron deliveries, II) transfers from plant to plant belonging to a single combine, and III) deliveries to the ordinary consumer, that the increase in trade in the last category—the one that concerns us—would be less impressive than the over-all figures. I suggest the High Authority should introduce these statistical distinctions.

Don't you believe that the High Authority's rulings against discrimination have helped competition to develop?

Yes, but to a limited extent only. Systematic double pricing has disappeared. But there are other, subtler kinds of discrimination. When a producer says his order book is full, what consumer can check on his statement? Perhaps in a boom, as now, it is true. But our experience has shown us that whatever the market situation, consumers who have mass-production capacities and therefore provide a regular outlet for steel, nearly always obtain supplies more easily than small firms which order only when they themselves have to fulfill a contract.

The small consumer is the last priority. If there are bottlenecks, or large export orders, it is his deliveries which are postponed. The orders of the consumer in the single market should, in a period of shortage at least, come before those of the foreign consumer. Yet while on the export market every contract defines the delivery date, there is no such guarantee inside the single market. By holding up deliveries to some consumers and not to others, the producer is in effect rationing his sales—and thus discriminating. But the consumer cannot know this. The High Authority's inspectors are responsible for detecting discriminations in their spot checks. Abuses would be easier to detect if steel company returns quoted not only the quantities ordered, but also the dates of delivery fixed.

You also criticized the system of price publication at the conference, M. Constant?

Yes, it has been a failure and the High Authority should now work out and enforce another system after the transitional period ends in 1958. The consumer cannot in practice compare the price lists put out by the different suppliers. There are too many to obtain. And with the best will in the world, it is hard to decipher some of them.

Further, it is becoming an increasingly common practice for the producer to agree to sell only at the price obtaining on the day of delivery—which at the time of signing the contract, is unknown. So the consumer is buying blind, and small consumers have to accept this. It is a practice which must be ended. Producers are free of all obligation and responsibility with regard to delivery; steel is one of the very few goods which is not the object of a real supply contract.

What do you think of prices on the single market?

One notices that every time the cost of scrap or wages rises, prices are boosted. We do not notice them being lowered when production increases, or investment results in higher output per man. At the same time, I recognize the advantages of price stability. This gives the consumer more ability to plan ahead. But prices should fall. The steel companies can afford it.

It has been suggested that the difficulties of small steel consumers would be eased if purchasing cooperatives were formed. Do you agree?

I think such groups will develop—one has been formed in the Netherlands. Many of the present dealers are in fact too closely united with the producers and need to be supplemented by independent purchasing cooperatives which really serve the interests of the consumer.

If the High Authority encouraged the development of consumers' purchasing groups, it would go a long way to giving the single market a more genuine character.

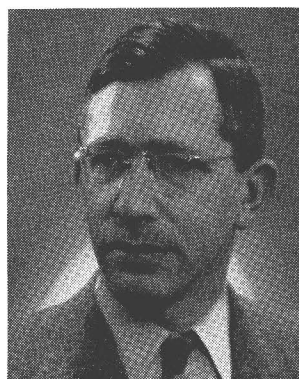
Do you not fear that if you expect the High Authority to rectify all these weaknesses in the consumer's position on the market, you will, in fact, be encouraging too much government interference?

I am against High Authority direction of the market. But the single market will not emancipate itself spontaneously from its long domination by the producers.

I think the High Authority's role should be to regulate the balance of economic forces by which competition is determined on Community's markets, so that there are no excessive disequilibria. At present, there is insufficient competition on the single market, because the consumer is too weak and the producer is too strong.

It is not an easy job to regulate a market which shifts only too easily from boom to slump conditions and back again. But it would be easier to do if the High Authority could follow the activities of consumers affected by the Community as closely as it does that of the producers on the single market.

A Dutch Consumer



M. KORNELIS VAN DER POLS is Managing Director of the Rotterdam Drydock Company, one of the Netherlands' four main ship-building and repair yards and a large-scale steel consumer. He is a member of the High Authority's Consultative Committee, and served as a delegate to the recent steel consumers' conference.

What are the main advantages and disadvantages to you, as a steel consumer, of the single market?

Perhaps I can answer that by explaining briefly the development of the Dutch steel industry. Before the war, Holland had no steel industry; she produced only pig iron, and small quantities of sheets, bars, and sections, being dependent on other countries for her steel. But in spite of the pre-war international cartel arrangements, the market was competitive.

But the post-war conditions of continuing shortage put us in an inferior bargaining position. Despite the development of steel industry in the Netherlands, only 30-35% of our supplies were Dutch, and the rest foreign. Then we were paying 80% more for Belgian thin plates than were Belgian consumers.

No More Price Discrimination

Now, by forbidding discrimination in prices between one Community country and another, the single market has ended the system of dual pricing. This means we are now paying the same prices for steel as shipbuilders in Belgium or Germany.

You have no doubts of this at all? You are satisfied that there is no discrimination between one country and another?

As regards the first question, the answer is no. Prices are definitely the same for us as for firms in the producing countries of the Community. The only doubts we have concern delivery periods. We thought that consumers in producing countries were getting rather earlier deliveries than we were, but we have been assured that this is not so. Where we thought we detected discrimination in delivery periods, it seems to have been between old and new customers, with the old established customers getting the better treatment. As a private person, I find this reasonable, but as a lawyer, I find it not fully in accordance with the terms of the Treaty.

The Main Worry—Effects of Trade Union Demands

Our chief anxieties lie in a different direction. The Trade Unions represented in the Consultative Committee and the Assembly are asking for "harmonization" of social conditions throughout the Community. This means scaling up social benefits in all six countries, adopting the highest standards in every field.

We believe it would be a mistake to start with harmonization of social policies, which would be bound to increase the cost of coal and steel. We believe that social benefits—higher wages and better conditions—should come as a result of the economic benefits of the single market by a wider market, greater specialization, rationalization, better direction of investment, and lower prices. Harmonization in the Dutch steel industry would have inevitable repercussions on social regulations throughout the Dutch metal and engineering industries, for as you know, the Dutch wage system and social benefit system is a closely-knit whole. You cannot treat social policy in isolation for a single industry such as steel.

Rigidity in the Pricing System?

The doubts you have just mentioned are political. Have you any doubts about the functioning of the single market itself in steel?

Generally it functions well. Our main doubt concerns the system of price lists. In times of slack activity, the system causes a certain rigidity in prices when they ought to be fluctuating. As you know, our experience was that in a depression (the minor one of 1953-54), producers did not alter their lists, for fear of starting a downward spiral, but sold below their published prices. We approved of the 2½% "Monnet margin". In fact we would like to have had a 5% margin allowed. As you know, the Court of Justice has ruled against the margins and we now have no flexibility.*

Nor is sufficient use being made of the possibility of reducing prices by aligning them on those of other producers. Price movements are generally effected by all the steel producers of one of the countries, *en bloc*, i.e., Dutch steelworkers align their prices on those of German steelworks. But there is not enough of this to bring flexibility to the market. The system of alignment should be extended and more widely used—there should be more alignment of prices on the part of individual firms.

How else, other than by restoration of the "Monnet margin" and wider use of the alignment system, could price flexibility be achieved?

We are convinced that there are ways of doing this—ways which will be legal under the Treaty—but they are at present under discussion and I cannot, therefore, talk about them now.

"We Can Look After Ourselves"

But might not the kind of flexibility you envisage result in discrimination?

Yes, but I'm not afraid of that. Discrimination has come to mean something bad, and it certainly is bad where it applies to discrimination between one Community country and another.

We in the Netherlands have been accustomed to buy our steel and other needs abroad. There we differ from the French, who are used to buying in their own country and to whom the single market may seem a little strange. We are used to negotiating in foreign markets and to getting the best conditions where we can without government assistance. In fact, if some discriminations did occur as between buyers, in free commercial trading, we think they might well be in our favor. If someone felt he were discriminated *against*, he could always complain to the High Authority; that is a big advantage of the compulsory registration of contracts, which provides evidence of what has in fact happened. There is also the important effect of publicity. When a steel user got a discount on a purchase of steel in the days of the "Monnet margin", it did not remain a secret very long. Then other steel users demanded it.

Are you able to get price lists without difficulty from any producer you ask, anywhere in the single market?

We have no difficulty. Sometimes we have to be persistent, but if we are active enough, we get them.

Do you have difficulty with the nomenclature of price

* The so-called "Monnet margin", authorized by the High Authority in January, 1954, permitted steel producers to vary prices by 2.5 per cent above or below their *published* prices so as to meet almost daily fluctuations on the international steel market. (The Community's Constitution requires producers to publish their prices to prevent dual-pricing practices.) However, the Court of Justice declared the 2.5 per cent margin a violation of the Treaty, following an appeal against the move by the French Government.

lists from the other Community countries?

No. We have the technical ability to handle foreign markets. We know what we want and we are able to compare the different terminologies, price for price.

Do you feel steel merchants are in league with producers and act against the interests of the consumer?

In some cases merchants are connected with the producers, but there are lots of independent merchants, too. This sort of complaint tends to come from French and German consumers who have lived for years under a regulated system.

Do you think that the small consumer, who manufactures to order and therefore buys his steel irregularly, is discriminated against?

It is understandable that he should meet with more difficulties than the consumer who knows his needs over any given period and can therefore order well ahead and with regularity, but these difficulties should not be exaggerated.

Would buyers' cooperatives be an answer to this problem?

Our own Dutch buyers' cooperative works excellently in the Netherlands, though it is not my business to recommend it for others. My own belief is that for a commercial situation a buyer should generally find his own solution. We do not make all our purchases through our cooperative organization.

Is there still a tendency for producers and consumers alike to prefer to trade with someone in their own country? If so, should the High Authority act to change this?

Yes, there is bound to be such a tendency, even if only because of the advantage of shorter distances making for easier contacts and lower freight charges. But it is through the action of buyers, who must show persistence in their demands, that these long-standing trading habits will be gradually changed, and not by direct action of the High Authority.

Are you in favor of cutting or rationing exports to non-Community countries in a boom?

No, you cannot be liberals for imports and restrictionists for exports. Such action would lead to immediate reprisals.

Keeping the Community Open

Do you feel the Council of Association with Britain will be useful?

I think it was set up for political reasons, but we hope for concrete results. We, of all the Community countries, are particularly interested because of our traditional steel purchases from Britain. We must watch very carefully to see that there are no cartel arrangements between British and Community steel producers.

Before the war, we bought much of our steel in Britain, and, when the present difficulties of obtaining supplies from that market end, we hope to go back for many products now unobtainable. We are still getting section steel from Great Britain and maintain our contacts over there. We are also interested in the United States as a potential supplier.

Outside competition is in fact a very healthy thing for the Community: it will help to ensure that no big wall is built round the single market.

One thing we should like to do is to have the gap

reduced between Community steel prices within the single market and British internal prices. Our basis price for heavy ships' steel is now about 460 guilders a ton—almost the same whether from Ymuiden or the Ruhr—while the British price for British users is 340-350 guilders. We think this difference is too large, and that Community prices could come down to narrow the gap and put us in a better competitive position relative to British shipbuilders.

What do you as a steel consumer think is the main object to be pursued to improve the single market?

Enlarge steel production capacity. The trend of European steel consumption is upwards; in our own industry, for instance, orders could fall off very substantially before we should have anything less than full employment. Although such statistics are of only limited significance, figures of per capita steel consumption in the Community show that it is still relatively low and capable of considerable expansion.

A German Consumer



DR. EBERHARD JUNG is Managing Director of the Burger Ironworks, Herborn, North-West Germany. The works is a medium-to-large consumer, using some 30,000 tons of steel and 20,000 tons of pig iron yearly. Dr. Jung is a member of the Community's Consultative Committee and was present at the recent meeting of the steel consumers in Luxembourg; he is, in addition, Chairman of the International Heating Appliance Association.

In a general statement Dr. Jung said: "The High Authority has so far been able to avoid excessive *dirigisme*. Excessive interference, such as is demanded from some quarters—indeed by some consumers—might well lead to excessive formalism and control. Demands made on the High Authority should be kept within the bounds of possibility: the High Authority cannot bring about a buyers' market for steel when present buoyant economic conditions make for a sellers' market.

"We are in general satisfied with the common market, and one should beware of expecting too much of the High Authority.

"With regard to prices we cannot complain of a huge increase. Prices have gone up but not sharply. In the field of supply, deliveries are dragging a little, but continue to be regular and orderly, which is an advantage in buoyant economic conditions.

"We should like to see a proper balance kept between *dirigisme* and freedom. Policy should take account of trading habits and customs; it should not be rigidly based on any given doctrine, but rather conform to the needs of the market. We in Germany have long had the steel trade—the merchants—connected with the producers, but there is one very important point, which we as consumers can only praise: it has brought very healthy trading conditions. In Germany the so-called cartels did not generally operate to the detriment of the economy: they followed a reasonable price policy, without exploiting boom conditions by charging unjustifiably high prices.

"The great danger is that in the future the High Authority might not resist the temptation to carry out a

policy of control. This danger is inherent in the system set up by the Schuman Treaty."

You say this danger has so far been avoided by the way in which the High Authority has carried out its task. In what circumstances do you envisage this danger might become acute?

In a slump and in a boom. One cannot say that we have encountered either so far since the start of the single market; it is true we had a slight depression in 1953-54, and that we have buoyant conditions now. But these should not be mistaken for depression and boom. There is no such thing as a really normal market. In real slump and boom conditions, demands will be made to the High Authority which it must watch very carefully to avoid falling into rigidity, *dirigisme* and formalism. An example of formalism was the decision of the Court of Justice to ban the 2½% "Monnet margin" which brought us flexibility in pricing and was very welcome to us.

But do you not think that the price list system has brought a welcome stability?

Yes. We are well aware of the advantages of this stability and of the great advantages it brings us in our forward planning. We realize that if we get reasonable stability in boom conditions we cannot expect sharp price falls at times of economic slackness. But we do need greater sensitivity and flexibility of prices. In fact we would have welcomed not merely a 2½% margin on either side of the published price, but a 5% margin.

Which of the High Authority's specific powers for boom and slump conditions do you think dangerous?

None of them in particular—it depends on how the matter is handled. The guiding principle should always be whether the action proposed conforms to the needs of the market.

What measures could be taken to improve the price system for consumers?

I have no concrete proposals. I feel this is up to the High Authority.

Would a firm contract with a fixed delivery date help consumers?

This is an open question among consumers. The answer really depends upon the consumer. So far price fluctuations have not been so big as to mean big changes because of delivery delays. It would of course be very nice to buy at a firm price regardless of the delivery date, but I cannot demand in my purchases what I don't do myself in selling. We also sell at the price ruling at delivery date.

Have you found price discrimination practiced in the single market?

No. We buy much steel from France and the Saar as well as from Germany and we have found practically no discrimination.

Are you easily able to obtain price lists from producers?

Yes. With German firms we have never had any difficulty, and we have also been able to obtain from other firms the sections of their price lists which we need.

Are the price lists from other Community countries easily comprehensible to you?

There is much to be done in this respect. The completion by the High Authority of its uniform nomenclature must be worked out to take account of the consumers. Only in this way can we make sure that there is no hidden

discrimination between one Community country and another.

Do you believe it would be feasible to cut exports to third countries in times of shortage?

No. This would bring reprisals in times of slack demand, and one must also consider what our customers—the Swiss for example—would do if we refused supplies. The long-term question of looking after our customers for the future must also be considered.

Is the position of the small consumer in the single market worse than before?

No. The small consumer has always been treated worse in times of relative shortage. This has nothing to do with the single market. I don't believe that the small consumer suffers from any appreciable discriminations.

Would it help the small consumer if consumers' cooperatives were formed?

I personally am all against them. They would bring about a distortion of the conditions of competition. I know that this works well in the Netherlands, but we do not need them in Germany. This may be nothing but a subjective opinion—perhaps I am prejudiced in this matter—but I do not think cooperatives would function as efficiently as we do as an individual firm.

Do you think competition is developing in the single market as a consequence of the High Authority's policy?

Yes. There is very definitely much more competition than two-and-a-half years ago. There is no doubt about this, particularly with regard to deliveries from other Community countries.

Should the High Authority have more frequent consultations with steel consumers?

It depends on the economic situation. When activity is fluctuating sharply, consultations should be more frequent; but, in relatively stable conditions, as at present, the number of consultations we have been having is sufficient.

NEWSBRIEFS

High Authority Opens Talks with Switzerland

Transport specialists from Switzerland and the High Authority are expected to meet in Berne this month to work out "through rates" for Community rail traffic through Switzerland.

Following initial meetings in Luxembourg last month, the group will work toward setting up terms for an agreement enabling coal, steel, scrap, and iron ore from Community nations to pass through Switzerland without being subject to extra charges at the Swiss frontier.

French Steelmakers Hit for Discrimination

French steelmakers have agreed to stop granting a rebate of 3.29 per cent on the published price list of steel to all their French customers. They had been told by the High Authority either to stop granting this discriminatory rebate or to grant it equally to all Community buyers of French steel. The High Authority had charged that the rebates violated the fair-trading rules of the Community.