



*Bulletin from the*  
**EUROPEAN**  
**COMMUNITY**  
*for coal and steel*

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# EURATOM

## READYED FOR FIRST POLITICAL TEST

### Foreign Ministers Meet This Month To Chart Future Of European Atomic Pool Proposal.

On the 29th of May, the Foreign Ministers of the six Coal and Steel Community nations will meet in Venice to discuss twin proposals set forth in an intergovernmental report for the creation of a nuclear energy community and a single market for Western Europe's entire economy.

Under the direction of Belgium's Foreign Minister, M. Paul-Henri Spaak, the report was prepared by teams of technicians and economists from the six Coal and Steel Community countries, working over a span of more than eight months. The so-called Brussels Intergovernmental Committee Report is the outcome of a meeting of Foreign Ministers of the Six held a year ago in Messina, Sicily. At that time, a compromise agreement among the Ministers rejected a Benelux demand for an immediate treaty convention to carry out new unity steps and instead created a "New Start Committee" under M. Spaak's leadership to study the new Benelux proposals which included an atomic pool and a customs union.

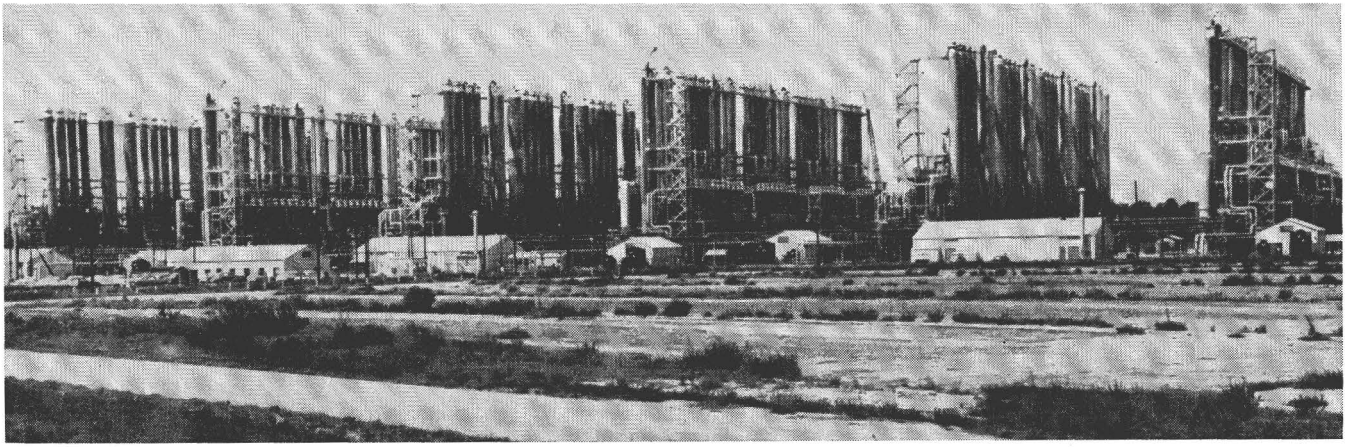
At the end of March, a 150-page report emerged from the Committee's steering group. Containing the substance for a treaty, the report was handed over to the chief of each governmental delegation to the Brussels Committee who, in turn, submitted it informally to his own government. Following careful study by individual governments, on April 18th the delegation leaders returned once again to Brussels. They carried with them some 150 new amendments to the report, suggested by their governments. The amendments were immediately incorporated into the

Report, the amended version initialed by each delegate, and the way was opened to the next stage, a full-dress meeting of the Foreign Ministers of the Six. When the Ministers meet at the end of this month, they will have before them a report already studied and amended by their Governments. Providing there are no substantive changes, it is expected that the Ministers will recommend, as the next step, an intergovernmental convention to draft Euratom and the Common Market into treaty form.

*At this writing, it appeared that the public would not view the official version of the Brussels Report until late in May. Meanwhile, various details of the Report have appeared in the United States and European press over*

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THE HIGH COST OF THE ATOM is illustrated by the AEC's Savannah River Project which cost one billion, two hundred million dollars, or five times the total amount France has spent upon atomic development in the past ten years. Above shows the heavy water production area of the Savannah River Plant, the nation's largest complex of nuclear facilities.

Savannah River Operations Office

the past several months. Not all of these have tended to give an accurate over-all picture of the structure and purposes of Euratom and the Common Market. Following is a summary review of some of the main aspects of the Euratom proposal. Elsewhere in this issue are articles describing the Common Market proposal and also the links between Euratom and the Common Market and the institutions of the Coal and Steel Community.

## **EURATOM**

### **Reasons and Purposes**

Stated in its simplest form, the purpose of Euratom is: "To contribute to the formation and the growth of a European nuclear industry." The reasons for a united effort in the field of the peaceful development of a European nuclear industry are equally direct. United States advances in the past ten years have demonstrated the vast amounts of capital outlay required (see p. 3) and the diversity of U.S. projects (the United States is presently studying some 30 types of reactors) illustrates the great demand for research facilities and trained technicians. No single nation in free Europe has either the financial means or the trained specialists to keep pace with the rapid technical evolution in the U.S. Yet it is in Western Europe, rather than in the United States where conventional resources are still comparatively plentiful, that nuclear energy as a source of power is of prime concern. For Europe faces a serious power shortage in the foreseeable future that, unless met, could jeopardize the welfare of the entire Western community.

Euratom is looked upon as an instrument for the rapid, flexible, well-ordered, and long-range development of atomic power "for the development and renewal of production and peaceful endeavors". It would:

- insure common development of research and the broadest dissemination of knowledge and techniques;
- insure regular and nondiscriminatory conditions of supply for nuclear fuels and ores;
- facilitate investments and create in common those investments which cannot be undertaken singly;
- create and administer a system of security and control of all fissionable materials so as to assure safety of workers

and the health and welfare of the public, and —prevent the use of fissionable materials for other than acknowledged purposes.

### **Relationship to Other Organizations**

M. Spaak and other drafters of the Report have stressed that Euratom would in no way interfere with other international organizations for similar purposes, such as the proposed co-operative organization for joint action in the field of nuclear energy sponsored by the Organization for European Economic Cooperation and the newly-formed UN International Atomic Agency. These bodies would rather "complement and strengthen one another". The Report states that Euratom would establish permanent liaison with these agencies and with other non-member European nations. It would also work in close co-operation with the Coal and Steel Community, which would be responsible for a general energy policy.

Lastly, like the European Community for Coal and Steel, Euratom would be open to all European nations willing to accept its rules. Toward the United Kingdom, the Report emphasizes the need for close association.

### **The Euratom Commission**

In some respects, the Euratom Commission or executive body would function in a fashion similar to the Atomic Energy Commission in the United States. As a supra-national body, its members, although appointed by member Governments, would wield authority in their own right, within scope of a common mandate, and could not act as spokesmen for national interests. The Commission would be responsible to the Common Assembly which would review its budget for approval. Following Assembly approval, the budget and policy of the Commission would be placed before the Council of Ministers for adoption by a weighted majority.

As the executive body of Euratom, the Commission would exercise authority in the field of nuclear development as outlined in the following areas of activity.

## **RESEARCH**

The Euratom Commission's primary task in the field of

research would be to co-ordinate the research activities of member nations to avoid wasteful efforts and duplication of work that would hinder rapid nuclear development. It would be empowered to establish a research center for training purposes, to standardize nomenclature, and nuclear measurements standards. In liaison with existing institutions engaged in nuclear research and study, it would also develop extensive training programs to ease the shortage of trained technicians. Direct research undertaking of the Commission would be only a minor share of the Community's entire program. In certain circumstances, the Euratom Commission could itself embark upon reactor construction, but for research purposes only. It could also participate as a shareholder in reactor development projects that served the Community's interest. In keeping with its task of providing an over-all framework for existing research, the Commission would be empowered to organize regular technical assemblies for the mutual exchange of information throughout the Community. In addition, all research results from efforts underwritten or directly undertaken by the Commission would be placed at the disposal of the entire Community.

## **PATENTS**

Similar to the function of the AEC, the Euratom Commission would serve as a patent pool for nuclear processes and inventions, guaranteeing against expropriation but encouraging widespread use by licensing agreements. Although inventors and patentees would be protected and rewarded, the restricted use of new techniques to gain monopoly profits would be forbidden. The pooling of patents would be carried out through voluntary agreements. Further, the Commission could require patentees to place nonexclusive licenses at the disposal of other enterprises if, in the view of the Commission, the patentees did not cover Commission requirements for the use of the patented process within a reasonable time. Euratom could use any patent belonging to a state or private enterprise for the conduct of its own research or the operation of its own installation. The Commission could also hold its own patents and place them upon request at the disposal of member states and enterprises on a nonexclusive basis. All disputes concerning patents would be appealed before the Court of Justice.

## **SECURITY**

Euratom would maintain machinery for physical as well as administrative control of all fissionable materials. The physical security in nuclear plants would be regulated by a convention of uniform standards to be annexed to the Euratom Treaty. It would be drawn up on the basis of work already done by various international bodies and national states. Supervision of this code would be carried out by the national Governments, and only the use of fuel and the form of processing would be supervised directly by the Euratom Commission.

## **The High Cost of the Atom**

The Geneva Atoms-for-Peace Conference staged in Geneva last July cleared the air of some myths about the economics of nuclear industry. Along with revelations concerning technical complexities involved in setting up nuclear energy installations, a sobering light was shed upon the cost of maintaining technical leadership in the field.

Expenditure figures were not volunteered by the USSR, but in the western community it was revealed that since the war, the United States has spent about \$15 billion in nuclear energy development, some three billion of which was for peaceful projects, that Great Britain has spent \$1.5 billion, or approximately 500 million on non-military projects, and that France, the largest of the Community nations, had spent \$250 million on peaceful development, or 8.3 per cent of the non-military U. S. expenditure.

## **INVESTMENTS**

Investments in the nuclear energy field throughout the Euratom Community would continue to be the responsibility of public and private enterprises. The Commission would, as in the case of nuclear research, play a complementary role by encouraging new initiatives on the part of enterprises, by guiding their plans through furnishing data and forecasts on programs throughout the Community, and by providing them, if necessary, with some financial assistance. One source of capital funds for investment in the nuclear field would be the Common Market investment fund. The Euratom Commission itself would have no power to direct investments and, in particular, no power to pronounce upon the economic justification or location of installations except, in the latter case, as location might create a safety hazard.

## **JOINT INSTALLATIONS**

The Euratom Report also makes suggestions for common installations which are considered to be of fundamental importance for the development of Europe's nuclear energy needs. The construction of joint installations could be undertaken which would ordinarily be beyond the financial means of individual firms or even of member states. These installations would be initiated and fully or partially controlled by the Euratom Commission. Such undertakings, mentioned in the Report as being especially suited for joint development, are isotopic separation plants for the production of enriched uranium and processing plants for the chemical treatment of irradiated uranium.

## **ORE AND NUCLEAR FUELS SUPPLY**

As one aspect of its control authority, the Euratom Commission would have an option on all noncommitted ore and nuclear fuel resources of the Community, although the Commission would allow installations to consume their own output of fissionable products for recognized and ac-

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cepted purposes. In the event that the Commission did not exercise its option to purchase, it would nonetheless supervise and approve the sale of all fuels by firms or member states. Prices would be regulated by the Euratom Commission in consultation with a joint Committee of producers and consumers and based upon the Community's long-term fuel needs.

### **ALLOCATION AND SECURITY CONTROL**

A fundamental principle stressed in the Report is access by private enterprise and public or state establishments to all resources. Under Euratom there would be no discrimination, and nuclear materials would be available *upon demand* for all bona fide purposes. The Euratom Commission would be required to give fair assurance of a steady supply of materials so as to permit long-range planning and investment. The prices charged to enterprises for the supply of nuclear materials would be based on such factors as world market conditions and existing Community supplies. In the event of a shortage, the Commission would be empowered to introduce quotas and allocate materials on the basis of *current needs*.

The present Report provides that nuclear materials may be purchased or leased from the Commission on a "sui generis" contract basis. The Commission would lease nuclear materials: 1) if the purchaser preferred to lease rather than buy; 2) if the Commission itself obtained the materials on lease or on condition that they could not be resold; or, 3) if the materials were heavily-enriched fuels and consequently highly dangerous. In order to carry out its supply functions, the Euratom Commission would set up a special commercial agency with financial autonomy to handle purchases of nuclear materials. The Commission would also be empowered to sell fissionable material to third countries in the event of surplus and return the proceeds into a fund maintained co-operatively by a board of directors from the member nations.

The system of security control proposed in the Report would include rigid standards of control and inspection in all nuclear plants. Each plant would be subject to supervision by the Commission of stocks, consumption, and processing of fissionable materials. Any infringement of physical security standards or the diversion of nuclear materials from purposes stated would involve the withdrawal of those materials by the Commission. All fissionable materials not actually in use at plants would be deposited at special depots controlled by the Euratom Commission. Finally, at the end of processing cycle in all Community installations, fissionable materials would be returned to Euratom for reprocessing or disposal.

### **THE EURATOM COMMON MARKET**

Underlying the entire Brussels Report on Euratom is the need for a large, single market for nuclear materials and equipment linked with special investment facilities and the free circulation of nuclear specialists. Trade barriers

would be abolished as in the general Common Market. Pending the establishment of Euratom, the Report urges that the Community's member Governments reach a "standstill agreement" which would forbid tariffs or restrictions on materials and equipment in the atomic energy field.

### **FINANCE**

Euratom and the activities of the Euratom Commission would be financed through contributions from member states. The size of contributions would be based either on present energy consumption in each country or on a formula taking into account various national economic and political factors. The Euratom Commission would also be empowered to raise loans for specific purposes, which would be in the general interest of the Community.

### **BILATERAL AGREEMENTS**

Those nations in the Euratom Community having bilateral agreements with third countries (e.g. Belgium and the United States) for the supply of nuclear materials, information exchange, and technical assistance would undertake to negotiate with the third country to make all such material, information and assistance available through the Commission to all Euratom members.

### **EARLY REACTION AND PROSPECTS**

Before the Common Assembly's special session in Brussels last March, M. Spaak dealt only briefly with the proposal for Euratom. Passing quickly over the general purpose of Euratom, he went on to stress control as the basic problem at hand. Even if there were disagreements, he said, over the form which controls should take, (particularly concerning whether fissionable materials should be centrally owned, sold, or leased) there could be no disagreement on the urgency of atomic integration and the life-or-death need for strict regulation and control of atomic materials.

The Assembly members were not nearly as united in agreement on the Euratom proposal as they had been for the Common Market. Most criticism centered around the issue of military weapons, with the Socialist bloc urging a complete ban on nuclear weapons manufacture as a necessary condition for Euratom. But this difference, as it developed along traditional party lines, in no way lessened the determination of all parties in the Assembly to press for some form of a supranational organization to control and stimulate nuclear development in the six nations. In fact, some observers saw the Assembly reaction toward Euratom as a valuable guide to heads of national delegations, in that it indicated to them the kind of reception the atomic pool proposal is likely to meet in national parliaments, enabling them to modify recommendations accordingly. A compromise solution, they believed, could be found (see "The Military Atom", page 6) that would be acceptable to all parties.

# EUROPEAN POLITICAL PARTIES DIFFER ON ATOM USE

## ***Socialists and Christian-Democrats in Common Assembly Issue Separate Declarations on Euratom***

*After a show of unity in favor of a Common Market Treaty, the parliamentary body of the Coal and Steel Community split along political party lines in its debate on Euratom during the three-day special session staged in Brussels in March. The disagreement was not altogether unexpected in view of the strong stand taken by European Socialist party leaders favoring ownership of nuclear materials by a European atomic commission and the outlawing of nuclear weapons manufacture. As a result, instead of issuing a joint resolution favoring immediate implementation of the Euratom proposal, Christian Democrats and Socialists issued the following separate declarations setting forth their positions with respect to a Euratom Treaty.*

### ***Declaration of the Socialist Group in the Common Assembly on Euratom***

"The Socialist Group of the Common Assembly notes that at the present time it is difficult for the latter to form a precise idea of what exactly the European Community for Atomic Energy will be: The preliminary report which has been submitted to us expresses only the personal view of its author. On the other hand, the report of the inter-governmental committee set up at the Messina Conference will not be made public until May.

"Before defining its attitude, the Socialist Group will therefore wait until it is faced with concrete proposals.

"It considers, however, that a certain number of general principles deriving from its basic ideas can and should be formulated at the present time:

1) The Group recalls first of all that one of the essential objectives of the whole Socialist Movement is and remains general and controlled disarmament.

2) The Group considers that the use of atomic energy in the proposed European Community should be devoted exclusively to peaceful ends; the future Treaty should guarantee this, notably by providing for effective and practical control, carried out on the spot, and including the establishment of an accounting system for fissile material.

3) This attitude does not affect the execution of international agreements at present in force.

4) The Socialist Group finally wishes to emphasize that it has always been in favor of conferring upon the European Community for Atomic Energy, under effective parliamentary control, the ownership of nuclear fuels throughout the whole process of their transformation and use. It feels obliged to point out that nothing of this sort is envisaged in the proposals so far made public. On the contrary, indeed, the preliminary report under discussion expressly confines the scope of public intervention to the financing of research and of nuclear installations. The Group therefore feels obliged to express its disapproval of the abandonment to private interests of a domain where the common interest should preponderate."

### ***Declaration of the Christian-Democratic Group of the Common Assembly on Euratom***

"We consider that the development of atomic energy is necessary for the increase of production and the improvement of the standard of living, and that in this field, the backwardness of continental Europe is considerable. In the opinion of all the experts, this delay cannot be remedied without an effort made in common. This same is true of conventional energy, the demand for which continues to increase and which in Europe remains relatively dear and is too sparingly used.

"For these reasons we are convinced that the member States of European Coal and Steel Community should *without delay sign a Treaty:*

—which, by means of the establishment of a common market and the creation of common enterprises, shall favor the rapid development of a nuclear energy industry;

—which shall allow of creative efforts on the part of private enterprises;

—which shall organize a rigorous, effective, and complete control, on paper and on the spot, to guarantee safety and military security;

—which shall limit nuclear energy to peaceful uses; the manufacture of atomic bombs, forbidden in the first instance, is not to be undertaken except on a Community basis, by the signatory States and by unanimous decision;

—which shall confer upon certain European institutions real and sufficient powers to enable them to carry out the functions set forth above under real and proper democratic control;

—which shall be open to all the member States of the O.E.E.C.

"In thanking the Working Group and its Reporters, in this connection, we request the Working Group to present a further report on nuclear and conventional energy, after having studied the conclusions which are to be published by the Brussels intergovernmental committee."

## The Military Atom

A touchy political issue engendered by the proposal of Euratom is the manufacture by member nations of nuclear weapons. When Jean Monnet announced his "Action Committee for a United Europe" in November of last year, he urged abandonment of the national right to make nuclear weapons as a precondition to peaceful atomic unity. Reportedly, many European Socialist and trade union leaders joined the Monnet Committee because of its exclusion of atomic weapons. A general attitude was that Europe would need all of its resources to embark upon a peaceful program for nuclear energy development without expending vast sums upon weapons development. However, the proposed military waiver by Euratom participants was regarded in a different light by some government observers who feared it represented surrender of the basic right to national defense.

The Brussels Report has skirted the military issue, although it looms as an important aspect of nuclear development plans, particularly among the larger nations of Western Europe. Therefore, M. Paul-Henri Spaak reportedly has written an informal "military amendment" to the Report in the form of a letter to the governments of the Community nations.

## Coppé Sees 1956 as Year of Decision for European Unity

High Authority Vice President Albert Coppé told an audience of some 600 American businessmen last month that decisions in the field of economic integration taken this year may "determine the future course of Western European history."

Speaking before a joint meeting of the Netherlands and Belgian Chambers of Commerce of the United States in New York City on April 12, M. Coppé described some of the achievements of the Coal and Steel Community and their impact upon the future course of economic integration.



ALBERT COPPÉ  
*"There are not yet vested interests in the control or ownership of fissionable materials in Europe . . ."*

## Proposes Five-Year Moratorium on Nuclear Weapons Development

Since reactors, gas-diffusion plants and nuclear engines all have a military potential, M. Spaak has defined nuclear weapons as "non-controlled explosions". He has suggested that the member nations concentrate exclusively on the non-weapons use of fissionable materials for an initial period of from three to five years, unless it should be otherwise decided by a unanimous decision of the Council of Ministers.

Beyond the five-year period, decisions to make nuclear military weapons could not be made unilaterally, but would require the support of at least two other nations in the Council of Ministers.

Even fissionable materials for the manufacture of weapons would be purchased through Euratom and could not be obtained by individual states directly from third countries. In the event of a general scarcity of fissionable material within the Community, the military use of nuclear materials would require a unanimous vote of the Council.

He said that the obstacles standing in the way of the proposed Euratom were not nearly as formidable as the ones which arrayed themselves against the Coal and Steel Community six years ago.

"There are not yet vested interests in the control or ownership of fissionable materials in Europe or in the production of power by nuclear means. Nor do the complex problems of industrial and social adaptation burden its future. It is also significant that here is a sector of the economy not yet barricaded by nationalism."

Referring to the Euratom and Common Market proposals which the six Foreign Ministers will consider this month, M. Coppé reminded his listeners that "in a cold or not-so-cold war," Europe's economic and political systems "will ultimately be judged by what they achieve economically and socially".

M. Coppé acknowledged that the Common Market proposal faced greater obstacles to its achievement than Euratom. However, he predicted that none of them were impossible to surmount, particularly inasmuch as the more typical barriers were similar to those already overcome by the Coal and Steel Community.

He concluded:

"It is inconceivable that in the long run we should not set up a common market within which men, money, and merchandise will move freely. It may take time, but the day will come when we shall have a common market in Europe. And that common market will help to bring about the United States of Europe."

# A GENERAL COMMON MARKET TAKES SHAPE

## Common Assembly at Special Meeting in Brussels Urges Treaty Action by Six Nations

The Belgian Senate Chamber in Brussels provided the setting for the Common Assembly's Second Extraordinary Session for 1955-56, held there from the 13th to the 16th of March. The meeting of the Coal and Steel Community's parliamentary body, which convened 78 parliamentarians from the six Community countries, opened with a report by M. Paul-Henri Spaak, Belgian Foreign Minister, on the six-nation intergovernmental committee's recommendations for general economic unity. It concluded with an all-party resolution, unanimous save for one abstention, urging the six governments to prepare a treaty for the further economic integration of Europe by means of a general common market.

### René Mayer: "Only the Will is Needed Now"

On the last day of the session, M. René Mayer, President of the Coal and Steel Community's High Authority, stressed the urgency of the proposed integration which, he said, had always been the goal of the original Schuman Plan. In an address to the Assembly, M. Mayer declared that the experience of the Coal and Steel Community had not only clarified some of the essential principles of a successful common market, but it had also demonstrated many of the means by which it could be brought about. Such a market, he said, must be complete and irreversible. It required not merely a free market or a formal customs union, but also the harmonization of transport, the free movement of labor, plans for the modernization and reorganization of industry, investment funds, and above all, precautions against overly-rigid planning during the preliminary transition period when the plan was being put into effect. President Mayer emphasized that the experience of the Coal and Steel Community had also demonstrated that, if the political will were strong enough, no technical difficulties could stand in the way of economic unity in Europe.

The Assembly meanwhile had debated the two proposals—the general common market and the supranational plan for development of atomic energy, Euratom. Two subcommittees had been set up in May last year to discuss these questions. They issued two reports. The first report by M. van der Goes van Naters dealt with "the development of economic integration in Europe—the obstacles and their elimination" and the second by M. Pierre Wigny on the European energy problem. The debate on these reports was preceded by M. Spaak's statement. It proved to be the most detailed account given so far of the plans for a general single market for all goods in Western Europe.

### The Spaak Statement: The Common Market

M. Spaak recalled the proposals made at the ministerial conference last year in Messina which had charged him with the preparation of a number of reports. These, he said, concerned:

1. the structure and principles of a common market treaty;
2. the elimination of customs duties;
3. the common regulation of a tariff for third countries;
4. the removal of quotas and export licenses;
5. agriculture;
6. the best use of resources—adaptation, free movement of labor, and investment funds;
7. transport;
8. harmonization of social policies;
9. conventional forms of energy, and
10. the question of institutions.

Because an economic revolution involving the establishment of a large single market for all goods could not be achieved in a day, M. Spaak said that a 12-year transitional period would be needed, which, if necessary, could be extended to 15 years. It would consist of three stages of four years each, during which customs duties on groups of products would be progressively reduced.

### A Gradual Tariff Reduction

After the first year of a Common Market Treaty, there would be a 10 per cent across-the-board cut on all tariffs. Following the first cut, there would be two further reductions of 10 per cent at intervals of 18 months, making 30 per cent in all for the first four-year period. For the second stage the process would be the same, making a 60 per cent reduction on the first eight years. In the final four years the remaining 40 per cent would be eliminated. The reductions would be based upon *effective* rather than nominal tariff rates. After the initial 10 per cent cut, reductions would be made on lists of goods grouped together according to the effective rate of duty levied upon them, rather than upon categories of products themselves.

### Relations with Third Countries

For third countries, a common tariff was proposed, which would demand entirely new concepts of trade and tariffs and create a bargaining weapon of a size never before possessed by any European country. It would not be exploited to create an autarkic Europe protected by high tariff walls, but used to negotiate, with other countries,

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tariff cuts and concessions for the general benefit of the Community. Moreover, the new single market would conform to the General Agreement on Tariffs and Trade (GATT) rules stipulating that the average level of the common tariff should not be higher than the average of the various national tariffs it was replacing. A detailed mechanism has been worked out by which the common tariff would be fixed.

For the ending of import quotas, the Community would be guided by previous work of the Organization for European Economic Co-operation. Quotas would be increased annually until they became so big that they no longer had any restrictive effect and could then be abolished.

Commenting on the report on agriculture, M. Spaak declared that it had been "a subject which had frightened everyone enormously", but, in fact, had caused less discussion among economists to whom it had been submitted than any other sector. It had been prepared, he said, with extreme caution and contained numerous safeguard clauses.

### **Adaptation and the Free Movement of Labor**

The increasing pressure of competition from a gradually expanding single market would undoubtedly tax the resources and adaptability of many marginal or inefficient enterprises that hitherto had relied upon artificial economic props. Therefore, an *adaptation fund* similar to the fund already operative for the Coal and Steel Community would make funds available to private enterprises seeking to readjust themselves to the Common Market. The fund would be created through contributions from member states rather than through taxation (as is the case in the ECC&S).

Because competitive market conditions could hazard the jobs of workers during the transition period of the Common Market, the adaptation fund would also be used to assist labor where needed. Funds would be made available to retrain workers for new jobs in situations where reorganization had abolished old ones, to finance voluntary relocation of workers who wished to move to high-production, labor-short areas, or to pay wages to workers temporarily unemployed during a period of plant modernization or reorganization brought about by the Common Market.

### **Investments**

An investment fund with a capital of \$1,000 million and an annuity of \$300 million is planned, to be administered by a board of governors whose members represent each member state, plus a representative from the European Market Commission. The Fund would seek money on capital markets for relending at low interest rates to help spur growth in underdeveloped sectors of the economy and for plant modernization and reorganization and to help generate new industrial activities.

### **Transport**

In the transport field, the experts decided that unity

action would be left to international organizations already in existence. Their task was defined as the working out of a common transport policy, the development of an investment program in the interests of Europe as a whole, and bringing about the modifications in rates which were needed for the efficient working of the Common Market.

### **Integration of Social Policies Not Essential**

The alignment of social legislation in member countries was not a prerequisite of the common market, M. Spaak said. He maintained that the Coal and Steel Community had shown that a common market could work where social policies between nations differed. But he stressed that this did not imply that nothing would be done to remedy major distortions: the European Market Commission, together with the Governments, would study the effect of distortions, and would present plans to eliminate those which had a serious effect.

### **Conventional Energy: Under the ECC&S?**

For all forms of conventional energy, oil, gas and electricity, the solution proposed is to place them under the High Authority of the ECC&S, at least until the time comes when the question of European institutions would be definitely resolved.

### **Institutions**

The final problem for the Common Market is that of institutions. M. Spaak declared that he was not interested in reviving the controversy concerning supranational institutions. He had asked the experts to provide workable solutions for the problem of creating a common market and to avoid any proposals which would lead to deadlock. Let the jurists, he said, decide whether the proposed institutions were supranational or not. He admitted that an institutional structure could have been completely eliminated by drawing up a rigid treaty which left no room for chance. But the experts had decided that freedom and flexibility were essential, and consequently institutions were needed.

### **A European Commission**

M. Spaak declared that he was "refreshed and delighted" with the recommendations of the experts concerning the institutional requirements of the Common Market, particularly inasmuch as they had been given a free hand in this area. They proposed an Executive with "a limited field of action and real powers" to implement a treaty creating a common market. The Executive or Commission would work by majority decisions, seeing to it that both governments and firms respected the treaty provisions. It would also take decisions on the elimination of subsidies and other supports and apply safeguard provisions during the period of transition.

### **The Future Course**

Looking ahead, M. Spaak outlined for the Assembly the





*The Belgian Senate Chamber at the opening of the Common Assembly's debate on Euratom and the Common Market.*

next stages for the proposals leading up to the meeting of Foreign Ministers. He said that the governments concerned should draw up a Common Market and a Euratom treaty which could be submitted to the six national Parliaments during the course of the summer.

Concluding, the Belgian Foreign Minister said:

"If, after having failed in the military sphere and in the political sphere, we were to fail in the economic sphere, there would never again be any hope of the resurgence of Europe, and our fate as Europeans would be sealed."

### **Action by the Assembly**

The Assembly's own reports on the Common Market closely paralleled the reports described by M. Spaak. However, in the debate, there were certain sharp criticisms of M. Spaak's presentation, notably by members who had looked for more sweeping proposals for a strong supra-national organization of the Common Market or for more far-reaching social powers.

Nevertheless, the entire Assembly, save for one absentee, voted unanimously for a resolution calling upon the member states of the Coal and Steel Community to move rapidly toward the Common Market Treaty along the same lines as outlined by the Assembly's report and M. Spaak's address.

Some observers at the special session of the Common Assembly were wary lest the quasi-unanimity of the Assembly be interpreted too confidently as an indication of clear sailing through national parliaments for the Common Market proposal. The Assembly debate served to push the entire question of economic unity into the foreground of the European scene. But it remained to be seen how the parliaments of the six countries—particularly the National Assembly in France—would respond. Upon these government bodies hinged the future of the Brussels recommendations.

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### **A Change in British Attitude?**

The influential London *FINANCIAL TIMES*, in an editorial entitled "Britain's Markets" on March 26th, urged Britain to take another and "much closer" look at the United Kingdom's relationships with Western Europe and European integration.

With a glance toward new continental integration plans such as contained in the Brussels Report, the *FINANCIAL TIMES* suggested that Britain re-examine its "instinctive" unsympathetic reaction to European integration. Pointing

out that in the past five years, the sterling area has shown far less absorptive capacity as an export market for British goods than Western Europe, the *FINANCIAL TIMES* concluded that British lack of interest "in post-war European schemes of economic and commercial integration . . . has produced a singularly bad bargain" for Britain.

British exporters, suggested the *FINANCIAL TIMES*, would do well to reconsider traditional attitudes toward the West European market "which seems to offer the opportunity for larger sales of British goods." The editorial implied that there are signs that a "permanent shift in the structure of world trade may be at hand . . . a change in commercial

relations between the industrial countries of the West and the primary producing countries". Thus, primary-producing countries in the sterling bloc (such as India) may very well become the United Kingdom's leading competitors as they turn to the export of manufactured products safeguarded by imperial preference.

The *FINANCIAL TIMES* concluded that unless Britain is prepared to make some very radical alterations in the structure of her industries in order to provide a basis for expanding sterling area trade, it perhaps would be well for the United Kingdom to re-examine her ties with Western Europe.

## STRUCTURE AND ORGANIZATION

### The Institutional Framework for Euratom and the Common Market

The institutional framework for both Euratom and the Common Market is similar to that of the Coal and Steel Community. A tripartite executive structure would be erected consisting of the Coal and Steel Community's High Authority, the Euratom Commission, and the European Market Commission. On the parliamentary level, the present Common Assembly of the Community would serve both new executives and its Court of Justice would serve the juridical requirements of the atomic pool and the single market. The degree of "supranationality" enjoyed by the new Executives would undoubtedly vary from the present "federal" powers of the High Authority. In any case, as emphasized by M. Spaak, the ultimate question of supranationality, of how much or how little for Euratom and the European Market Commission, will be left to the Governments of the six nations to work out.

#### **The Common Assembly**

It is likely that the present Assembly would be substantially enlarged in size and perhaps altered in regard to the number of members from each member nation. One formula under consideration is to increase the parliamentary body by nearly three times its present size of 78 members and introduce a new formula for national representation—giving proportionally a greater number of delegates of the three large nations of the Six than is now accorded under the Coal and Steel Community Treaty.

The passage of Euratom and the Common Market in the Parliaments of the six nations would accord to the Common Assembly greater powers than it now possesses. It would vote the annual budget of Euratom and the Common Market and have the power to censure the European Market Commission on a simple majority vote or to oust the Commissions on a two-thirds vote of censure should it disapprove of the policies of either or both of

the bodies. The Assembly would also approve the nomination of European Market Commission members and elect the Commission's president.

However, there is no change contemplated in the election of members to the Common Assembly which would continue to be from and by member Parliaments rather than by popular vote.

#### **The Court of Justice**

Under the existing Coal and Steel Community Treaty, the Court of Justice is made up of seven jurists appointed for six years by agreement among the governments of the member states. The Court has jurisdiction over appeals brought by individuals, states, enterprises, associations or the Council of Ministers against decisions of the High Authority.

However, the High Authority does not appeal to the Court against violations by member states of the Treaty. Instead it is empowered to take direct sanctions. This deviation from the traditional checks and balance machinery of a federation has been corrected in the Brussels Report. As contemplated, the Euratom and the European Market Commissions would not deal directly with Treaty violations by member states, but would instead sue for redress before the Court of Justice. In the case of the European Market Commission, this could apply to violations by firms or individuals as well. Euratom, however, could take direct action against nonstate violators. In the latter case, they would have recourse to appeal before the Court.

The judicial branch probably would be expanded to include specialized chambers (administrative tribunals) made up of jurists and specialists, such as economists and scientists, which would advise cases to plenary sessions of the Court.

## Consultative Committees

An important adjunct to the High Authority is the 51-man Consultative Committee. Its membership includes an equal number of representatives of producers, workers, consumers and dealers appointed by the Council of Ministers. Although the High Authority is not obliged to defer to recommendations of the Committee, it is required to consult with it before issuing certain decisions.

In Euratom, it is proposed that the Commission be served by three separate Consultative Committees. A committee of economists and scientists, meeting on an ad hoc basis, would advise the Commission on policy regarding research and security. A second permanent Committee would be made up of representatives of the consumers and producers of nuclear materials and byproducts and of workers in the nuclear installations. Its functions would be to advise the Commission on matters pertaining to price policy, allocations, and the general common market policy for nuclear energy. A third Committee, representing the consumer of nuclear materials, would advise the Commission on procurement policy.

## The Council of Ministers

The Brussels Report would invest the Council of Ministers with more specific powers and responsibilities than it now has. The Council probably would remain the same in size. Unanimous decisions in the Council would be required in all matters affecting the general policy of Governments. For those matters bearing directly upon the operation of the Common Market such as the harmonizations of legislation, employment policy, financial equilibrium, and economic stability, the Common Market Commission could present proposals to the Council for passage by a qualified majority of weighted votes.

There have been suggestions that voting on the Council be "weighted" in rough relationship to the volume of trade and production in each nation. In addition to new powers of decision and sanction, the Council would continue to act in a consultative and advisory capacity to the High Authority and to harmonize the actions of the Executive bodies and of the member Governments to prevent conflict between economic policies at the national and Community levels.

## The Assembly's Common Market Resolution

THE COMMON ASSEMBLY,

CONSIDERING the growing economic backwardness of Europe,

CONSIDERING that only a united European policy can make possible a raising of the standard of living based on an expanding economy and increasing employment,

CONSIDERING that such a policy needs the progressive establishment of a common market,

CONSIDERING that such a common market must not only permit economic competition and the division of labor, but also take account of the human solidarity between the peoples of its member states,

CONSIDERING that such a common market cannot be limited to provisions for the liberalization of trade, but that its creation implies the co-ordination of the economic, social, monetary and fiscal policies of its member states in order to ensure the adaptation of certain sectors of the economy, stability of employment, and the general expansion of production,

CONSIDERING that a common market requires an Authority to ensure its establishment and its development, to eliminate distortions and to aid those member states in difficulties,

IN VIEW of its resolutions of 2 December 1954 and of 13 May 1955,

IN VIEW of the preliminary report presented by the Working Group to its session in Brussels in March 1956, and having heard the debate on this subject,

CONSIDERING the necessity of a Treaty, which shall establish definitely the bases of a general com-

mon market in the form of an economic and customs union, excluding any autarky.

Which shall provide for the free circulation not only of goods, services, and capital, but also of labor,

Which shall in addition set up an investment fund to promote economic expansion,

Which shall facilitate the adaptation of national economies while taking account of the special situation of agriculture ensuring the progressive and irreversible realization of this economic union,

Which for the same purpose shall provide for community aid to member states by means of an adaptation fund and which shall lay down safeguard clauses for any cases in which vital national interests may be treated,

Which, parallel to the development of the common market, shall provide for the harmonization of social charges in the framework of an active and progressive policy in order to realize a constant improvement in the standard of living,

Which shall create institutions of sufficient power to put into practice under a democratic control the principles set forth above,

Which shall be fully open to all other members of the O.E.E.C.

INVITES the Governments of the member States of the European Coal and Steel Community to conclude without delay a Treaty based on these principles.

Brussels

March 16, 1956

## NEWSBRIEFS

### High Authority Aids Italian Miners

The High Authority has agreed to pay Italy's only coal mining company the sum of 390 million lire (\$640,000) in aid of 1,912 miners put out of work by the modernization and reorganization of the Sulcis coal mines in Sardinia. This sum represents an advance on 391,587,200 lire which the High Authority will pay as its 50-50 share with the Italian Government to underwrite the retraining and re-employment of the workers who lost their jobs as the result of mechanization of the mines.

### Italian Steelworkers to Benefit

The High Authority has also taken emergency action to see that its aid to Italian steelworkers put out of work by the establishment of the Common Market is no longer delayed by administrative processes in Italy. Following High Authority reminders to the Italian Government, the Italian Chamber and Senate have now passed the necessary bills, and the project for the Italian share of the aid is now being drawn up.

The High Authority is paying a sum of 3,500 million lire (nearly 6 million dollars) as a direct grant to the workers. It obtained last June from the Council of Ministers a waiver of the Italian Government's obligation under the transition period Convention to make a 50% contribution to these payments. At the same time, the Italian Government has promised to spend an equivalent amount—3,500 million lire—over a 10-year period on the creation of new industries to employ the steelworkers.

### Coal Equalization Levy Reduced

The High Authority has again reduced (from 10 February 1956) the equalization levy paid by German and Netherlands coal producers. The levy, imposed during the transition period to aid the re-organization of high-cost coal mines in Belgium and Italy, this year will stand at 0.6%, a reduction of one third on the previous level. It has hitherto yielded a total of some 40 million dollars, of which more than 33 million have gone to Belgian, and some 6 million to Italian mines.

### Coal and Ore Rail Barriers Ended

On May 1, the last vestiges of frontier charges were swept away for the rail transport of coal and iron ore throughout the Community. All terminal charges at frontiers, two-thirds of which had been abolished a year earlier, were finally ended. "Split tariff" charges for coal and iron ore had already been abolished on May 1, 1955 when "international through rates" were introduced from one end of the Community to the other. As a result, Ruhr coke can now be shipped to Lorraine steelmills at a saving of \$1.00 per ton over the cost for transporting coke along the same route a year earlier. Formerly, when shipments of coal or iron ore crossed a frontier, they were immediately

subject to the highest applicable rail charges, based upon the fiction that when a train came to a frontier, it has reached the end of its journey and started a fresh one on the other side.

### RESULTS OF ENDING DISCRIMINATION AND FRONTIER CHARGES: TARIFFS BEFORE AND AFTER

Goods	Route	Rate before Common Market 2/1/53	After end of national discriminations 8/10/52	After International Through Rates	
				5/1/55 2/3rds Reduction	5/1/56 2/3rd Reduction
(dollars per metric ton)					
COKE	Ruhr (Gelsenkirchen)—Lorraine (Homécourt)	6.53	5.58	4.75	4.55
COKE	Ruhr (Gelsenkirchen)—Luxembourg (Esch/Alz.)	7.54	7.10	5.96	5.80
COAL	Saar (Reden)—Germany (Regensburg)	8.92	7.37	6.77	6.55
IRON ORE	Sancy (Lorraine)—Liège (Belgium)	2.38	2.20	1.89	1.66

### Steel and Scrap Rail Barriers Lowered

At the same time, as frontier charges ended for coal and iron ore, "split tariffs" ended for steel and scrap and terminal charges for these products were cut by two-thirds. The remaining third will vanish on May 1, 1957. By then the introduction of international through rates for all Community products and the final abolition of terminal charges—a formidable barrier to free competition throughout the six-country single market—will have been removed.

### Court of Justice Verdicts in High Authority's Favor

The Court of Justice has ruled for the High Authority against appeals lodged by two Luxembourg industrial associations, the Groupement des Industries Sidérurgiques and the Association des Utilisateurs de Charbon du Grand-Duché. Both appealed against the High Authority's refusal to forbid the activities of the Luxembourg Commercial Office for the import of coal into the Grand Duchy, and the operations of its Caisse de Compensation. The Court decided that the tax levied by the Commercial Office on coal imports was not a contravention of the E.C.S.C. Treaty since it did not result in any discrimination (Luxembourg does not produce coal of its own).

### Euratom Text Available

An unofficial English translation has been prepared of the Euratom proposal as contained in the Brussels Report. A limited number of copies have been mimeographed and are available to interested Bulletin readers at 25¢ per copy by writing to:

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European Community for Coal and Steel  
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Washington 5, D. C.