NOVEMBER 1956 | No. 19

Bulletin from the

EUROPEAN COMMUNITY

for coal and steel

INFORMATION SERVICE • HIGH AUTHORITY • LUXEMBOURG

BRITAIN EYES ECONOMIC PARTNERSHIP WITH EUROPE

Britons Petition Government to Join General Common Market

More than fifty prominent Britons, including members of all of the United Kingdom's leading political parties, have signed a statement issued on October eighth urging that Britain join the six nations drafting the treaty for a European Common Market. The statement was drawn up in agreement with the Members of Parliament who initiated Conservative and Labor Party motions tabled in the House of Commons. The motions by both parties urged the British Government to take part in the Brussels negotiations. The Labor motion was supported by 82 members and the Conservative motion by 89 members.

The statement said:

"Six nations are drafting a Treaty to form a Common Market. Britain is not amongst them, and we have a choice to make. We may join in the negotiations now, make our voice heard and work for a treaty which will bring greater prosperity to ourselves and our friends on the continent, without prejudicing our Commonwealth interests. The other road is to stand aloof and later to have to negotiate with the countries of the Common Market from the outside on a treaty which we had no part in drafting. The undersigned believe that the most intelligent course is that of direct co-operation and participation. In the House of Commons two motions have already been tabled calling on the Government to join in the present talks.

"The proposal for the Common European Market was put to the Foreign Ministers of the six countries of the European Coal and Steel Community at their meeting at Messina a year ago. It is an attempt to create a prosperous and stable Europe able to reap the benefits of automa-

continued on page 2 column 1

Second Thoughts about Europe

A powerful campaign in favor of a positive British attitude toward plans for a free trade area is being waged in British newspapers of widely differing opinion. The attention of British public opinion has been focused, as never before, on the Common Market project, and hence upon the importance of wide markets in general and the results of Europe's first limited Common Market—the European Community for Coal and Steel. We reprint the following view of Britain's attitude toward the Common Market as put forth by Andrew Schonfield, Foreign Editor of the FINANCIAL TIMES *of London. This article was originally a talk given on the Third Programme of the B.B.C. It is reproduced here with the permission of the* LISTENER *magazine in which it appeared on October 11, 1956.*

To many Englishmen Europe is another name for "abroad"; the idea that Britain is a part of Europe, that people like the Americans think of Britain as being recognizably one of a group of nations with common European characteristics, is something that causes surprise. Thus the newspapers say, for instance: "Britain agrees to co-operate with western Europe," or "Europe sends emissary to

continued on page 2 column 1

IN THIS ISSUE

Published and distributed on behalf of the High Authority of the European Community for Coal and Steel, Luxembourg, by Leonard Tennyson, Information Representative for the European Community for Coal and Steel, 220 Southern Building, Washington 5, D. C., telephone NAtional 8-7067 whose registration statement, together with copies of this bulletin, have been filed with the Dept. of Justice under 22 U.S.C., sec. 611 et seq. and are available for public inspection. Registration does not imply governmental approval.

BRITON'S PETITION GOVERNMENT

continued from page 1 column 1

tion and the atom. It is considered that the current economic crises of Western Europe are due to the lack of balance between the great common market of the United States and the divided economies of Europe. The Communist bloc also is moving toward even greater economic unity and now presents a challenge in Africa and Asia which Europe must fit itself to meet.

"The European Coal and Steel Community, which Britain refused to join, has demonstrated the advantages of a European solution. By entering into negotiations now, Britain can make such conditions as may be necessary, particularly in the field of agriculture, to safeguard our

LORD LAYTON, *British economist and Vice President of the Council of Europe's Consultative Assembly, is among the sponsors of a nationwide petition urging Britain to form European economic ties.*

special relationship with the Commonwealth. Moreover, the plans call for the Common Market to come into being gradually over the next fifteen years, so that transitional measures can be taken.

"The European Common Market could enable Europe to establish healthy economic relations with the rest of the world. If we neglect to minister to its birth, it may outgrow us and have little need of Britain."

The sponsors of the statement were:

Alan Bullock, Censor of St. Catherine's Society, Oxford; C. J. Geddes, President of the European zone of the International Confederation of Free Trade Unions; Lord Henderson, former Parliamentary Under-Secretary, Foreign Office; Lord Layton, Vice-President of the Assembly of the Council of Europe; and Lord Salter, former Minister of State for Economic Affairs.

SECOND THOUGHTS ABOUT EUROPE

continued from page 1 column 2

Britain": the image immediately conveyed is of two castles, perhaps uncomfortably close together, but separated by at least a couple of walls and a moat. Certainly, the geographical propinquity counts for nothing, so far as people's feelings are concerned. To refer to nations on the Continent of Europe as "neighbors" is to use a figure of speech; there is no natural warmth in it.

These attitudes were faithfully reflected in British government policies during the first ten years after the war. Britain was prepared to make considerable sacrifices in order to relieve the destitution on the Continent of Europe, to help in rebuilding the national communities which had been shattered by the war, and later to collaborate in the international organizations set up in Paris under the Marshall Plan. But all this was done rather in the manner of a distant relative, with an interest in good works; never as a member of the family. The British approach to Europe, in fact, approximated most closely to that of the United States; and the Americans never ceased to be surprised at this, because they persisted in thinking of the British as Europeans. But in spite of some forcible American promptings at various times during this post-war decade, Britain consistently refused to come in and join the happy family. I am not suggesting that the refusal was entirely a matter of sentiment. There appeared at the time to be good practical grounds for it. Britain was strong, united and orderly; while on the Continent people had lost faith in their national governments and were casting round for something else to give them an illusory sense of security. British governments, both Labor and Conservative, also objected most vigorously to the idea of a Third Force, which guided, or was thought to guide, the thinking of some of the enthusiasts for a united Europe.

Reaction to the Schuman Proposals

So when it came to the first full-blooded practical scheme of European integration—I mean the original Schuman Plan for setting up a European Coal and Steel Community—it was a foregone conclusion that Britain would turn it down. This was in 1950-51, when in spite of some hard

ANDREW SCHONFIELD, *Foreign Editor of the* FINANCIAL TIMES *of London.*

knocks in the early post-war years, Britain's material as well as moral superiority vis-à-vis the rest of Europe seemed unchallengeable. The practical businessman's answer to the Schuman proposals, as reflected, for instance, in the attitude of the British Iron and Steel Federations, was brief and to the point—"We have the markets; you want them." The same sort of answer was given again five years later, when the European Community countries started to move into the field of atomic energy. This time, what Britain had was the technical know-how in advance of the Continent. It seemed inevitable that the other continental plan, for the creation of a common European market without customs barriers, would meet with the same negative response. It did, initially, when the scheme began to take shape in the middle of 1955. Indeed, the act of negation was unusually energetic. At the beginning of December last year the governments of the six countries which were working together on the plan for a European customs union were startled to receive a diplomatic note from Britain setting out this country's objections to the whole idea.

The European Common Market

That was less than a year ago. Today, the British Government is proposing to join up with this European Common Market. There is no formal commitment yet, it is true, but an entirely new principle has been accepted, at any rate as a basis for negotiations. This is that Britain should work towards a special and exclusive trade relationship with a group of nations which are not part of the Commonwealth. Moreover, while the Commonwealth trading system works on tariff preferences—which means usually that British exports have to pay customs duties in these markets, though at a lower rate than competitors outside the Commonwealth—the European system aims at the complete elimination of duties within the group. The European scheme, in fact, aims at a much more closely-integrated trading group, within which the individual members are more firmly committed to the policy of the open door, regardless of the effect on domestic industries, than anything that the Commonwealth has ever envisaged.

Thus this move is, in fact, a complete *volte-face*. Moreover, it is a move in which the Government has pushed out way ahead of the thinking of the people who elected it. It may be that this is exactly where a government ought normally to be. All I can say is that it is extremely unusual to find it there. How did this sudden change of front happen, and why? The whole thing has been so unexpected that continental statesmen, who had for years been vainly urging Britain to take her natural place as the leader of a united Europe, refused at first to take it seriously. Even now, some of them still seem to be wondering whether there is not some catch in it.

Yet the signs of the intellectual upheaval which accompanied this revolution in policy have been apparent for some time past. If they were missed it is because the new thinking was taken at levels where reporters do not usually look for new thought—in the Cabinet, in the upper reaches of the Civil Service, and in the elite press. It was a gradual process, too, and its origins go back well beyond the beginning of this year. One underlying influence of great importance has been the growing disappointment with the Commonwealth as an export market for British goods during the nineteen-fifties. While other markets, particularly in Europe and in North America, have been expanding very fast indeed, the sterling Commonwealth—that is, everything excluding Canada—has remained almost static. Even in North America, British exports have had far more success in the United States than in Canada, in spite of the low Canadian tariff on many British products benefiting from imperial preference. Elsewhere in the Commonwealth the trouble has not been in the main that British exporters have failed to hold their share of the market, but rather that import trade as a whole has failed to expand. This is not because of a failure of economic development in the sterling Commonwealth. On the contrary, its output and productive capacity have grown faster than the experts thought likely immediately after the war. If anything, these countries tend to run themselves into trouble by being too dynamic. Australia is the most familiar example of a Commonwealth country which invests so much and expands so fast that it has run into a succession of balance-of-payment crises. The import cuts which have followed have been particularly damaging for British trade.

This is a world-wide problem; the difficulties of Australia and other members of the Commonwealth are only manifestations of a deeper change in the whole structure of international trade. For one reason or another the earning power of agricultural countries, relying on exports of primary produce, has not risen nearly as fast as that of the industrial countries in western Europe and North America. The result is that many of these primary producing countries have had to restrict their imports. The recent growth of international trade has depended on the tremendous increase in the exchange of goods among the industrial countries themselves, particularly in western Europe.

The extraordinary revival of western Europe as a trading area in the nineteen-fifties, coupled with the disappointments in the Commonwealth, have undoubtedly played a large part in the new turn in the British policy. The situation is the exact opposite of the nineteen-thirties when international trade was sized up by the protectionism of western Europe, and British exporters managed to find relief only by turning to a preferential trading area in the Commonwealth. There is little doubt that still in 1950, when Britain showed a complete lack of interest in the Schuman Plan, the nineteen-thirties picture of what international trade was like remained the dominant influence behind British commercial policy. Today there is much less certainty about the overriding value of the preferential markets in the Commonwealth.

Potential Third Force

Of course, the past few years have also seen the comeback of continental western Europe, and of Germany in the center of it, as a factor in world affairs. In 1950 the Continent looked a great deal less important than it does today. Many Englishmen had written it off altogether in terms of international power or influence. Today, although few people on this side of the Channel would admit it, it is no longer so foolish as it was to think of western Europe as a potential Third Force, with a role analogous to that of the Commonwealth in the period immediately following the second world war. It is worth remembering in this connection that Britain is now firmly committed by treaty to keeping several divisions of troops stationed on the Continent until the end of this century, while America is not.

The position of Germany is obviously crucial in all this. There is, first of all, the problem of tying a strong and increasingly restive German state as firmly as possible to the West. This would be easier if they were members of a west European Common Market. On the other hand, we should not underrate the purely psychological effect of Germany's progress on British policy. The British Government has over the past five or six years watched the Germans make an uninterrupted advance in power and influence. These have been years in which events have tended to remind Britain increasingly of her own reduced status as a Great Power. The trouble here, it has been felt, is mainly economic. Meanwhile, the German success has been achieved by the simple formula of economic prosperity: high investment at home and expanding exports abroad. The proposed customs union with France, Italy, and the Benelux countries, which began to be planned last year, would almost certainly consolidate German economic hegemony on the Continent of Europe—and do so in a sense which would inevitably be hostile to Britain's trading interests. For Britain it really did seem to come to a choice between trying to break up the European Common Market or competing with Germany for the leadership of it. What is not perhaps generally realized is that the British Government played with the first alternative before turning finally to the second.

Apart from these broad considerations, there have been a number of specific influences, all bending British policy in the same general direction. There was first the failure of the policy of sterling convertibility. Making the pound convertible was intended, among other things, to bring the pressure of international competition to bear sharply on the British economy. This would have been done chiefly by lifting the restrictions on dollar imports and allowing them to compete freely with other goods in the British market. When this plan was given up last year, the economic Ministers in the Government began to cast round for something to put in its place. The competitive pressures of a customs-free area including Germany will certainly be no less than those which would have come from lifting the quota restrictions on American imports into this country. As it turns out, the new alternative will allow us to discriminate against dollar imports even more sharply than in the past, using tariffs as well as quota restrictions.

Ottawa Agreement in Reverse?

Another influence on policy has been the evidence of the new trend in Commonwealth trade, which was brought out most sharply by the successful export drive of Indian textiles in the British market. Here, indeed, was something which looked very much like the Ottawa Agreement of 1932 in reverse. That agreement was based on a theory of complementary trading within the Commonwealth, with British manufactures being exchanged against the food and primary produce of the Commonwealth. But India meanwhile has become an importer of food and an exporter of manufactured goods. And her most promising outlet as a manufacturer of cheap consumer goods is in the British market, where her exporters will, for the most part, have the privilege of duty-free entry under imperial preference.

Plainly, Britain has no commercial interest at all in maintaining this kind of privilege once the old basis of reciprocal advantage is gone. But, on the other hand, as the British market for imported food is limited by the protection of home agriculture, and at the same time as the Commonwealth countries grow up and develop their own industries, the drive inwards of Commonwealth manufacturers must be expected to grow. The British proposal to join the European free trade area may be regarded as being, in a roundabout way, an answer to this threat. The proposal as it now stands envisages the exclusion of all food, drink and tobacco in which the Commonwealth has an interest. Their preferential tariffs in these products will be fully maintained. But in manufactured goods the Commonwealth countries must look forward to the steady whittling away of their preferences as the present tariffs levied by Britain on European imports are gradually reduced over a period of twelve years, till they finally disappear altogether.

In a sense, therefore, the new proposal is an assertion by Britain of her determination to go on playing the Ottawa Agreement in the old way. Although the special position of Commonwealth trade appears to be safeguarded by various devices in the plan for a European free trade area, it seems to me that the commercial link between Britain and the rest of the Commonwealth will tend to be loosened. This follows, I think, from a simple comparison of the two areas, the Commonwealth and the European free trade zone, from a British exporter's point of view. In the former he faces tariffs which, although preferential, are often rather high. Moreover, as domestic industries grow up in these Commonwealth countries, the tendency is to put up the tariffs still higher. The truth is that, apart from Canada, the Commonwealth is a highly protectionist group of countries. In western Europe, by contrast, the British exporter will find a number of rich markets where tariffs are being lowered, and he will be able to plan his production and sales some years ahead in the expectation that they will disappear altogether. Surely, the outcome in these circumstances is likely to be a reorientation of British trade towards Europe.

Towards a New Political Relationship

The structure of imperial preference has been crumbling for some time, and it will go on crumbling. Moreover, the present Government, if it is true to its own principles, cannot be enamored of a system which allows the inefficient and uncompetitive British firm to survive on export custom that it obtains through a preferential tariff. Such firms act as a serious drag on the British economy, and the purpose of competition is to eliminate them. The trouble is that the Conservatives must have difficulty in facing the political consequences of their economic choice. The result is that an important political act tends to be presented merely as a piece of economic expediency. However the individual facts may be presented in order to add up to as little as possible, the truth is, as I see it, that Britain is now embarked on a course which will lead to an entirely new political relationship with the Continent of Europe. In order to make the free trade area work with the minimum of friction, there will have to be a large measure of common political policy too. If this is once recognized, the British Government could ditch its inhibitions and make an overt bid now for the political leadership of an integrated western Europe.

Saar Agreement Sealed

The final act in sealing peaceful relations between France and Germany was enacted in Luxembourg on October 27th, when the long negotiations of the postwar years culminated in a series of agreements on the Saar Territory and the Moselle Canal. The Saar will return to Germany politically on January first, 1957, and economically three years later, while supplies of Saar coal to France are assured, both by the treaty provisions and by the existence of the Coal and Steel Community. Under the Convention on the Moselle Canal, which will give steel from Lorraine cheaper outlets to the north and west, Germany agrees to contribute one-third of the cost of canalization of the river. In return for compensation, the Luxembourg Government has also withdrawn earlier objections to the project.

In a joint Franco-German declaration following the signature, the two Governments affirmed that they saw in the agreements "the realization of an essential condition for the strengthening of the free world and the creation of a united Europe."

The Situation Confronting Britain

Commentary in the British daily press and journals of opinion last month continued to dwell upon the prospects and problems confronting Britain in its study of proposed membership in a European free trade area. In this issue, an article by Andrew Schonfield of the FINANCIAL TIMES of London examines some of the general considerations and specific influences that have bent British economic policy in the direction of Europe. The London ECONOMIST of October 13 dwelt upon earlier reactions to the plan at home, on the continent, and in Canada, the first of the Commonwealth nations to be sounded out. The ECONOMIST, the MANCHESTER GUARDIAN WEEKLY and several other British journals have warned that the present abundance of enthusiasm at home and on the continent for the plan should not blind supporters to opposition that can be expected from imperial preference trading areas abroad or to the basic problems of economic readjustment that Britain herself must face. The ECONOMIST cited some of the obstacles to be overcome in examining the mechanics and the geography of the proposals. At the same time, it indicated some of the other European nations, now members of the OEEC, that would be likely candidates for the kind of limited partnership with the Common Market envisaged by Britain.

Herewith are three tables, reproduced with the kind permission of the ECONOMIST, which illustrate the present customs, trading, and national income positions of the U. K. in relation to the European nations with whom she is now considering economic union.

TRADE, INCOME AND TARIFFS: THE U.K. VERSUS THE CONTINENT

POPULATION AND GROSS NATIONAL PRODUCT 1955

		Population (Thousands)	Gross National Product (Mil. US $)
Common market:	Belgium	8,868	8,700
	France	43,274	40,571
	Western Germany	49,995	33,123
	Italy	48,016	18,741
	Luxembourg	309	337
	Netherlands	10,747	6,853
Others:	United Kingdom	50,968	47,001
	Norway	3,425	3,143
	Sweden	7,262	7,954
	Denmark	4,439	3,689
	Switzerland	4,977	5,137*
	Austria	6,974	3,362

* National income in 1954.

WHAT SOME MANUFACTURERS PAY NOW

All duties per cent ad valorem

	UK	Germany	France†	Benelux	Italy†
Motor vehicles	33⅓	17-21	30	24	29-45
Tractors	15-20	8-15	15-30	6-24	18-36
Diesel engines	17½	8-12	18-21	6-8	15-23
Machine tools	15-20	nil to 8	6-22	6	7-23
Textile machinery	15-20	5	10-22	6	18-20
Electric motors	20	nil to 8	20	8-12	15
Transformers	20	nil	20	8-12	25-27
Switchgear	20	4-6	15-23	10	15
Iron & Steel sheets*	25-33⅓	nil to 22	11-22	3-6	15-23
Bars, rods & sections*	20-33⅓	6-17	9-25	3-8	16-22
Wool fabrics	17½	13-19	13-15	18	18
Cotton fabrics	17½	10-19	20-25	12-18	13-18
Clocks & watches	25-33⅓	5-8	10-30	10-12	3-15

* British duties on most items temporarily suspended; duties for other countries apply to imports outside common market.

† All imports into Italy are subject to certain additional charges, and French imports of some items listed are subject to a temporary "compensation" tax.

United Kingdom Trade in Manufacturers with Certain Areas, 1955

Exports to: Common market		Other OEEC countries†		Preferential market		Commodity groups	Imports from: Common market		Other OEEC countries†	
Value $ mil.	% of group total	Value $ mil.	% of group total	Value $ mil.	% of group total		Value $ mil.	% of group total	Value $ mil.	% of group total
89.04	13.7	44.52	6.9	281.12	43.2	Chemicals	114.8	36.5	33.32	10.6
54.04	15.7	34.44	9.9	127.12	36.7	Wool textiles, including tops	17.36	79.4	—	—
9.8	2.6	21.56	5.9	209.16	56.7	Cotton & synthetic textiles	43.12	43.1	*	—
26.32	6.0	48.16	11.0	216.16	49.3	Iron & steel	99.40	35.8	24.36	8.7
51.24	24.6	17.64	8.5	53.2	25.5	Nonferrous metals	22.96	3.6	14.0	2.2
89.6	19.3	35.56	7.7	200.20	43.2	Metal manufactures	15.96	44.5	5.88	16.2
203.56	15.8	94.64	7.3	552.16	42.9	Nonelectrical machinery	104.44	40.5	40.32	15.6
50.12	9.3	29.40	5.5	287.00	53.4	Electrical machinery	33.32	50.6	6.16	9.3
46.48	8.0	38.92	6.7	312.20	53.5	Cars & commercial vehicles and chassis	23.52*	31.5*	—	—
17.64	18.0	10.36	10.5	45.08	45.7	Scientific instruments, cameras, watches, etc.	16.52	40.0	9.24	22.0
637.84	12.8	375.2	7.5	2,283.40	45.8	Total of above	491.40	26.8	133.28	7.2

* Road vehicles and aircraft. † Norway, Denmark, Sweden, Switzerland.

TEN YEARS AGO: A BRITON'S PROPOSAL

Ten years ago, a Briton acting in a private capacity accepted a speaking engagement before a medium-sized audience at a University in Switzerland.

What he said became front-page news the next day in newspapers all over the world. The text of his address was studied with surprise verging upon astonishment by diplomats and politicians.

THE TIMES of London commented: "Mr. Churchill has proved that, private citizen though he be, he can still utter words no one can afford to ignore."

At Zurich University on September 20, 1946, Winston Churchill said:

"If Europe were once united in the sharing of its common inheritance, there would be no limit to the happiness, the prosperity, and the glory which its 300 to 400 million people would enjoy.

"Yet it is from Europe that has sprung that series of frightful nationalistic quarrels, originated by the Teutonic nations in their rise to power, which we have seen in this 20th century and even in our life-time wreck the peace and mar the prospects of all mankind. . . .

" . . . There is a remedy which, if it were generally and spontaneously adopted by the great majority of people in many lands, would, as if by miracle, transform the whole scene.

"What is this sovereign remedy? It is to recreate the European fabric or as much of it as we can, and to provide it with a structure under which it can develop in peace and in freedom. We must build a kind of United States of Europe. In this way only will hundreds of millions of toilers be able to regain the simple joys and hopes which make life worth living.

"I am now going to say something which will astonish you: the first step in the re-creation of the European family must be a partnership between France and Germany. There can be no revival of Europe without a spiritually great France and a spiritually great Germany.

"The structure of a United States of Europe will be such as to make the material strength of a single state less important. Small nations will count as much as large ones and gain their honor by a contribution to the common cause.

WINSTON CHURCHILL, *1946: "We must build a kind of United States of Europe . . ."*

"In all this urgent work, France and Germany must take the lead together. Great Britain, the British Commonwealth, mighty America, and, I trust, Soviet Russia—for then all would be well—must be friends and sponsors of the new Europe and champion its right to live. Therefore I say to you: let Europe arise."

Now, ten years later, Britain has come forward with its strongest endorsement of the Churchill speech by proposing that it should join, on a free trade area basis, the six western European powers who are planning the establishment of a general Common Market.

DEADLOCK IN FOREIGN MINISTERS' MEETING DENIED

The first press reports from Paris on the meeting of the Foreign Ministers of the six Community countries on October 21st and 22nd to discuss the project for a European Common Market appear to have been excessively pessimistic. The implication of a Franco-German deadlock was also largely offset a few days later by the signature in Luxembourg of the final Franco-German agreement on the solution of the Saar problem and the canalization of the Moselle.

While dispatches from Paris laid emphasis on the so-called deadlock—which will in any case be followed by direct talks between French Premier Guy Mollet and German Chancellor Konrad Adenauer, both of them vigorous supporters of European integration—second thoughts have yielded the impression that important concessions were made by both sides.

Escape Clauses vs. Special Treatment

France appears to have stopped pressing demands for escape clauses which would give her the option to back out of the Common Market after the initial four-year stage. Reports indicate that she has also relinquished her demand that the transition from the first to the second four-year stage (during the 12-year transition by stages to a full Common Market) should be effected only by unanimous decision of the six countries. At the same time, the other nations seem to have accepted the French position that, in the transition to a general common market, France would require special treatment which would be provided for in a special annex to the Treaty.

Although all of the countries have agreed in principle to the harmonization of social policy in the Common Market, differences appear to have arisen, not over the principle but over its practical application. For instance, the French reportedly have insisted that there be a substantial leveling upwards of labor costs to offset what they consider Germany's present advantage.

The point on which the Germans were unwilling to yield was the 40-hour working week. This, the German Ministers are reported to have said, would compromise the West German economic structure, and it would mean a substantial increase in production costs if all hours over 40 per week were to be paid as overtime. German representatives on the other hand, together with those of the other countries, have already expressed their willingness to accept the principle of equal pay for women.

More "Horse-trading" Seen

Thus, European observers believe that to speak of a "breakdown" in the Common Market talks is clearly inaccurate. They say that there is likely to be a good deal more "horse-trading" before the six Community countries reach the common ground between the positions they initially took up. Above all, the influence of Dr. Adenauer has still to be felt; the London ECONOMIST thinks he has a good chance of persuading his cabinet and the Bundestag to accept Euratom, and that it is really the divided German opinion on Euratom rather than any fundamental reserve on the Common Market which is likely to prove the main difficulty in the present stage of negotiations. At a later stage, observers believe that the ratification of the Common Market project by the French Assembly may be the main bugbear.

LATIN AMERICAN NATIONS VIEW COMMON STEEL MARKET PROSPECTS

Strong interest in Europe's progress toward economic integration was displayed last month at the first Latin-American steel producers' and steel users' congress held at Sao Paulo, Brazil, from October 15-28.

Heading a five-man Community delegation to the congress, Enzo Giacchero, the Italian member of the High Authority, addressed the convention on two separate occasions. At the inaugural session, speaking as the representative of the European delegation to the congress, he reviewed events leading to the formation of the Community and the progress now being made in Brussels toward the drafting of treaties for Euratom and a general Common Market.

Sees Problems Common to Both Continents

Sig. Giacchero stressed that today the six Community countries constitute the world's most rapidly expanding market. Despite the vast difference in some of the economic problems which Latin America faces, he declared that both areas shared certain problems in common. They were notably a shortage of investment funds, the threat of inflation, and problems related to the division of the national income between consumption and investment.

"If our experience (in the field of integration) proves of some value to you; if, by showing you the errors which earlier we made and paid for, we can help you to avoid similar pitfalls, we shall be satisfied," he said.

Small Markets May Limit Latin American Industrial Development

Later, Dr. Raul Prebisch, Director-General of the United Nations' Economic Commission for Latin American (ECLA) and former Argentine Economics Minister, underscored the need for integration during the present period of industrial development in Latin America. "Now that we are developing more complex industries which require large investments and wherein the small market is a limiting factor, an analysis of common market possibilities appears to be an immediate necessity," he said.

He told visiting European representatives that an intensification of trade among the countries of Latin America would on no account imply a contraction of imports from industrial nations outside the area. (His observation was in line with the experiences of the Coal and Steel Community, where external trade had not contracted as internal trade expanded, but had similarly increased.)

Giacchero Stresses Yielding of National Prerogatives

During the course of the convention, Sig. Giacchero gave a detailed account of the institutions of the Community and the operation and results of the Common Market for coal and steel in Europe. He said that it was naturally up to the Latin American governments them-

Enzo Giacchero, Italian Member of the High Authority, headed a Community delegation to the first congress of Latin American steel producers and users held at Sao Paulo, Brazil, last month.

selves to decide whether a federal structure similar to that of the Community could be applied in Latin America. Nonetheless, he declared that he felt obliged to stress that national European governments had sacrificed certain prerogatives in joining the Community. Member nations, yielding a degree of sovereignty over their coal and steel industries to the High Authority, had been amply rewarded by the results, he said.

"In the kind of unity we are developing there is no need for the different nations to lose their individual character and cultural traditions. These traditions are too old and deeply rooted to be destroyed by the mere fact of adapting Europe's organization to the call of the times.

"The European Community for Coal and Steel is the first experiment, confined to a limited sector, in the methods of unifying already highly-developed, intricate, modern economies. It has permitted us to deal in detail with the practical problems raised by economic integration and to find the solutions for them. The task now is to adapt to the wider objective of a general European common market the lessons and knowledge gained in dealing with the integration of coal and steel. It is a measure of the success of the Coal and Steel Community, as well as of the innate desire for European unity, that representatives of the governments of the six Community countries are at present drafting in Brussels a treaty by which it is hoped gradually to fuse the economies of those countries into a powerful, single Common Market, able to hold its own economically against the vast unified trade areas of the world and to face the challenge of the atomic age which is now almost upon us."

Emile Schneider, director of the High Authority's Industrial Problems Division, addressed the conference on the High Authority's work in classification and standardization of steels, and M. Alexandre Stakhovitch, of the High Authority's Market Division (Steel) presided over one of the conference's working groups. Other members of the delegation were Sig. Giorgio Memmo, Sig. Giacchero's executive assistant, and Mr. Derek Prag, of the High Authority Information Service.

During their stay in Brazil, members of the High Authority delegation visited the steelworks of Volta Redonda and Belgo-Mineira and talked with leading industrialists. The delegation was also received by the Federation of Brazilian Industries. Prior to the Sao Paulo conference, the delegation visited Venezula for informal meetings with the Venezuelan Government and industry officials.

NEWSBRIEFS

Austrian Delegation Raised to Mission

In Luxembourg on October 16, Dr. Carl H. Bobleter, Head of the Austrian Delegation to the High Authority of the E.C.C.&S., presented to the High Authority's President, Mr. René Mayer, his credentials as Envoy Extraordinary and Minister Plenipotentiary. The Head of the Austrian Delegation thus now has the diplomatic status of a Chief of Mission, as do the heads of the United States, United Kingdom, Swedish and Swiss Delegations.

Dr. Bobleter has been accredited as Head of the Austrian Delegation to the High Authority since June, 1953. During this time he has participated in customs and price agreements between the High Authority and the Austrian Government.

European University Teachers Meet

The Association of European University Teachers held a three-day meeting in Luxembourg in September. Aim of the conference, which took place at the headquarters of the High Authority of the European Coal and Steel Community, was to study economic and juridical aspects of the Common Market and of common European institutions. Reports to be drawn up by the conference will be presented at a plenary meeting of the Association in September, 1957.

The conference was being attended by 25 university teachers from eight west European countries, including Britain, Sweden and Austria, as well as all the Community countries except Luxembourg.

Talks with Austria Begin

In Luxembourg on September 14, the High Authority began negotiations with Austria with a view to establishing international railway through-rates for Community coal and steel crossing Austrian territory. This followed an agreement by the Community's Council of Ministers authorizing the High Authority's move. Earlier in the summer, on July 28th, the High Authority signed an agreement with the Swiss Federal Government setting up international railway through-rates for traffic in transit through Switzerland.

High Authority Grants for Workers' Houses

By September first, the High Authority had granted credits for the building of 12,072 workers' dwellings in the framework of its first experimental program of housing. The table below gives the distribution throughout Community countries:

Countries	Number of houses financed	In preparation for construction	In construction	Completed
Germany	9,881	1,219	7,673	989
Belgium	1,673	550	951	172
France	250	—	137	113
Italy	68	—	68	—
Luxembourg	50	—	50	—
The Netherlands	54	—	54	—
Saar	96	—	96	—
Community	12,072	1,769	9,029	1,274

U.K. and Community to Exchange Readaptation Data

In London on September 18th, at the fifth meeting of the Steel Committee of the Council of Association with the United Kingdom, British representatives agreed to inform the High Authority of Great Britain's experience in the field of workers' readaptation. (For details of the Community's readaptation efforts, see Bulletin No. 17.) This followed an exposé by the High Authority of its policy in this field.