



Bulletin from the
EUROPEAN
COMMUNITY
for coal and steel

INFORMATION SERVICE • HIGH AUTHORITY • LUXEMBOURG

FRANCE'S RATIFICATION OF NEW PACTS TO SPUR FINAL APPROVAL BY REMAINING SIGNATORY NATIONS IN COMMUNITY

National Assembly Votes 342 to 239 for Common Market and Euratom Treaties

The European Economic Community Treaty and the Atomic Energy Pact received a 103-vote majority in the French National Assembly on July ninth, paving the way for final ratification by the remaining signatory nations before the end of 1957.

The vote, upon which the Bourges-Maunoury Government had been willing to stake its existence, came after a week-long debate in the French Parliament. However, preliminary test votes on each Treaty resulted in an easy majority with 341 to 235 votes for the Economic Community Treaty and 335 to 243 votes for the Atomic Energy Community Pact. The Assembly also approved the Political Convention to the Treaty providing for common parliamentary and judicial institutions for the Common Market, Euratom, and the Coal and Steel Community in a 346 to 240 vote.

Four days earlier, on July fifth, both Treaties passed through the lower chamber of West Germany's Parliament with a large affirmative vote. The pacts are expected to be approved almost unanimously in Bonn's upper chamber before the end of October.

Socialists and Popular Republicans (MRP) voted solidly for the Treaties. The Conservatives (Independents) gave 81 of a total of 89 votes in support of the pacts and a Radical Socialist majority of 25 approved the Treaties while a splinter majority of 19, headed by former Pierre Mendes-France, voted against. The remaining opponents included all of the Assembly's Communists, 16 Gaullists, and the Poujadists.

Two "riders" were attached to the Treaties by the Assembly for French reference only. One called upon the

Government to issue annual reports to the French Parliament on progress toward adapting national industries to the Common Market and also upon the application of the Common Market Treaty's measures. The second article will require the Government to take certain steps before the submission of the 1958 budget to enable France to enter the Common Market under favorable conditions. This measure referred to France's present adverse balance of payments and the need to redress the situation before tariff walls begin to come down between the six nations starting January 1, 1959.

The remaining signatory nations, Belgium, Italy, Luxembourg and the Netherlands, were expected to act soon to speed the full ratification of the Treaties. In the Italian

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Fifty Visitors From Six Community Nations Tour U.S. Nuclear Power Development Facilities

A group of 50 industrialists and government officials from Belgium, France, West Germany, Italy, Luxembourg, and the Netherlands toured various installations of the Atomic Energy Commission and the plants of several private companies during July under the sponsorship of the Commission. The group consisted of technical, management, and other personnel associated with the atomic energy and electric utility programs of the six Euratom nations.

The purpose of the tour was to provide the visitors with firsthand knowledge of the technology required for setting up large power reactor complexes as envisioned in the report "A Target for Euratom" which was delivered on May seventh to the governments of the visitors' countries. The itinerary included Commission facilities and plants of private industrial companies engaged in various phases of work on the pressurized and boiling water reactor systems. They visited Commission sites where pressurized and boiling water reactors have been designed, constructed, and operated, and plants engaged in fuel element fabrication, manufacture of pressure vessels and other components, and chemical processing.

Results of recent international conferences of trade unions and socialist parties of the six Community countries have confirmed free labor's and Democratic-Socialist support for European integration, and also underscored labor's

determination that the interests of workers shall be given due weight both in the new organizations to be set up and in the existing Coal and Steel Community.

On May 28th and 29th, the Committee of 21, representing 12 million miners, steelworkers, and other workers affiliated to the International Confederation of Free Trade Unions (ICFTU), met in Florence to consider the consequences of the creation of the European Economic Community and of Euratom, as far as organization of the free trade unions on the European level was concerned. It was regarded as a certainty that the Florence talks will lead to the establishment of a new labor body capable of "assuring complete cohesion of the free trade union movement in Western Europe and the effective defense of the interests of European workers."

Earlier, at a meeting in Brussels, the free trade unions had already urged speedy ratification of the Common Market Treaty. They stated that the "handicaps formed by protectionist barriers to economic expansion and social progress could prevent the European nations from adapting themselves in good time to the new technical revolution." To ensure that a Community outlook will prevail, they urged that the ICFTU be represented in all deliberating and executive organs of the new Communities.

TRADE UNIONS AND SOCIALIST PARTIES SOLIDLY BEHIND EUROPEAN INTEGRATION

Community Socialist Parties' Congress in Luxembourg

The Socialist parties of the six Community countries met in Luxembourg from June second to fourth to discuss the new Common Market and Euratom Treaties. They decided that the European Economic Community and Euratom Treaties provide a useful basis for economic integration despite "gaps" which exist in them. The Congress urged Socialist parties:

- to support the implementation of the Treaties;
- to undertake joint Socialist action after they entered into force; and
- to draw up a European economic program which would enable the realization, by means of a constructive common policy, of the great possibilities offered by the Treaty for the standard of living of nations in the future, for the unity of Europe and the political stability of the world.

Free Trade Area Welcomed

The Socialist conference stressed that it favored any initiative tending to avoid the economic division of Europe, and it therefore welcomed the proposal for a Free Trade Area extending beyond the Common Market. It added, however, that the integration of agriculture in the Free Trade Area was a condition of its success, although special measures could be applied to agriculture during the transitional period in view of the peculiar characteristics of the agricultural economy of Western Europe.

Detailed Criticism of Common Market Treaty

Chief target of the Socialist Parties' criticism was the transfer of power from the executive body to the Council of Ministers in the European Economic Community Treaty. They stated that the danger of the powerful position of the Council of Ministers leading to an "anonymous bureaucracy" could be avoided by strengthening the

position of the Economic Commission, which unlike the Council is responsible to the Common Assembly. Among other points urged were:

- the setting-up of a special body co-operating with the OEEC to co-ordinate day-to-day economic policy;
- the need for a more detailed social policy in the Economic Community Treaty, and the broadening of the use of the readaptation fund for redundant workers;
- for agriculture, better wages to be achieved through the rationalization of production, which would also permit reasonable prices to the consumer;
- for transport, the immediate formulation of a common policy;
- that the Investment Bank be used for raising rapidly the standard of living in backward areas, and not primarily "to pursue commercial aims";
- the conference welcomed the accession of the overseas territories to the Common Market, but declared at the same time that, as they moved toward independence, an increasingly important role should be given to their parliamentary representatives; and that, when they achieved independence, they should themselves decide whether they would remain members.

Revision of ECC&S Treaty— Trade Union Demands

Admitting that much had been achieved by the Coal and Steel Community, the ICFTU Congress at Florence stated that gaps and limitations in the Treaty had prevented the High Authority from achieving the full degree of social progress which it was its duty under the Treaty to promote. It therefore proposed a series of amendments to the Treaty, which would:

- give the workers' representatives a greater voice in the Consultative Committee, where they are at present outvoted by the producers' and consumers' representatives;
- strengthen the democratic control of the Common Assembly by giving it power to adopt a motion of censure, to vote on the regulations prescribed by the Treaty, and to have an initiating power;
- increase the powers of the High Authority, enabling it to strengthen its policy on investments and on cartels; to help workers to buy houses outright; to widen its powers for readaptation of workers so as to cover all forms of unemployment, whatever the cause; to promote the levelling upwards of working and living conditions; and to extend the free circulation of labor.

Trade union meeting at the ICFTU Congress on European Integration held in Florence, Italy on May 28, 1957. Seated at the table are (left to right): J. O'Hagan (Iron & Steel Trades Confederation); Charles Levison (American trades union rep-

resentative attached to the Fédération Internationale des Ouvriers sur Métaux [FIOM]); Harry Douglas (General Secretary, Iron & Steel Trades Confederation); Walter Schevenels (Secretary General of the European Regional Organization of the CISL).



BRITISH STEEL TARIFF OFFER TO COMMUNITY

The British Government has made a conditional offer to reduce its steel tariff to 10 per cent as a result of negotiations in the Council of Association between Great Britain and the High Authority of the European Coal and Steel Community. This was announced in a communique issued in London on June 4, 1957, after the Council of Association's fifth meeting. "Certain conditions relating to steel tariffs," said the Communique, "were referred by the Council to their Trade Relations Committee for further study. Subject thereto, agreement was reached on the lines of an offer in respect of the United Kingdom steel tariff of 10 per cent ad valorem (with alternative specific duties), and also as to the rates of duty on steel to be levied by the governments of the Community which will

SIR PERCY MILLS, Britain's new Minister of Power, presided at the Council of Association meeting.



over-all constitute an appropriate lowering of the present rates."

Commenting on the steel tariff negotiations, on the day of the London meeting, Britain's "Financial Times" said in an article headed "A Start for Steel":

"It will be a promising augury if practical results follow from today's meeting of the Council of Association between the U.K. and the European Coal and Steel Community. The ECC&S, for four years, has operated as a pilot scheme for a common market in all commodities between "the six." The Council, for two, has offered a foretaste of the kind of problems likely to arise as a result of U.K. participation in a European free trade area. It is coming to grips with these problems just as the wider objective is coming into sight. . . .

"In the case of steel, on which the discussions will center, the U.K. is in a fairly strong bargaining position. The six countries of the ECC&S have to reach agreement by next February—the end of the trial period of the agreement—on a common tariff against the rest of the world. A common tariff makes necessary a waiver from the GATT, and the waiver has been granted only on the understanding that there will be a net reduction in the average tariff level. The common Community tariff, after this reduction, is likely to be considerably lower than the U.K. and the High Authority is anxious that something should be done to reduce the disparity.

"Something should indeed be done, and well may be, though the U.K. can afford to demand concessions in exchange. At present, while steel is short, U.K. tariffs on many steel products are suspended. It may not be entirely a coincidence that the period of suspension runs until next March, by which time the Community should have reached agreement on its own problem. For the time being, at any rate, U.K. steel producers have no reason to fear the prospect of European competition and there is every reason for taking now a step which must be taken some time and which it may be more difficult to take later on."

More British Coal for Community?

Meanwhile, the United Kingdom representatives at the meeting of the Council of Association reported "a heartening improvement in coal production in the United Kingdom so far this year." The Council instructed its Coal Committee to continue its studies on the development of U.K.-Community trade with a view to increasing, if possible, the quantities which could be provided.

Presiding at the Council meeting was the Rt. Hon. Lord Mills, Britain's recently appointed Minister of Power. The High Authority delegation was led by President Rene Mayer. The discussion, said the communique, "resulted in a large measure of agreement on many points between the High Authority and the United Kingdom Delegations."

MEDICAL RESEARCH IN THE COMMUNITY

The Community's medical research program swung into full operation in 1956 as 56 special research projects financed by the High Authority were undertaken by scientific institutes in the six Community countries. \$1.2 million has been set aside for a four-year program of research into industrial diseases and work hazards affecting the health of the Community's workers. About 75 per cent of the money spent in the first eighteen months has gone for research into silicosis and its causes. Besides paying for new research, the High Authority is helping co-ordinate existing research programs in various Community nations by bringing scientific and medical experts together for meetings in Luxembourg, and through a "publications pool" wherein abstracts of all relevant studies published in the six countries are translated and distributed to scientific institutes throughout the Community.

Broad Interpretation of the Treaty

For this activity, the High Authority has no specific mandate under the terms of the ECC&S Treaty. Article

Silicosis research is being carried out in all of the coal mining member countries. Shown above is a laboratory worker at Bochum, in the Ruhr, where High Authority funds have helped set up a special research institute to combat silicosis.

55 states that "the High Authority must encourage technical and economic research concerning the production and the development of coal and steel as well as workers' safety in these industries." With the consent of the Community's Council of Ministers, the High Authority decided to interpret this Article as broadly as possible.

Publications Pool

The first step was to set up at the end of 1954 the publications pool with the aid of six scientific institutes, which include: the *Bureau of Hygiene and Tropical Diseases* in London; the *Institut d'Hygiene des Mines*, Hasselt, Belgium; the *Centre d'Etudes et de Recherches des Charbonnages de France*, Paris; the *Silikose Forschungsinstitut*, Bochum, Germany; the *Clinica de Lavoro 'Luigi Devoto'*, Milan; and the *Gezamenlijke Steenkolenmijnen* in Limburg, the Netherlands. Each institute of the pool examines the publications of its own country, sending



TRANS-EUROPE EXPRESS



Symbol of the movement toward breaking down national barriers in Europe is the ultra-new Trans-Europe Express, a 100 m.p.h. diesel streamliner now running between Paris and Dortmund. Ten new express routes between European cities in the

Community were inaugurated in June by TEE, an international transport group organized to promote standardization and modernization in European rail travel.

abstracts to the High Authority which are then translated, reproduced, and distributed centrally. So far, the work of the pool has been limited to pneumoconiosis and the campaign against the effects of dust.

Permanent Medical Research Committee

To push through its own research program, the High Authority set up a permanent Medical Research Committee in March, 1955, to develop an annual program of medical research projects. These are submitted back to the High Authority for approval. Meeting twice a year, the Committee is composed of top-ranking specialists from all the Community countries; its current President is Professor Lehmann, Director of the Max-Planck Institute of Dortmund. Its membership includes experts such as Professor Coppee, Director of the Liege Institute for Industrial Medicine and Hygiene; Professor Policard, of the Paris Medical Academy; Professor Vigliani, Director of the Milan Industrial Clinic; and, as an observer, Professor Rogan, of Great Britain. Upon the Committee's recommendation, the High Authority in 1955 embarked upon the current \$1,200,000 four-year research program.

Silicosis the Chief Enemy

The major part of the research program is a Community-

wide laboratory and clinical attack on silicosis, regarded by many Community experts as the commonest of all industrial diseases. Silicosis is a respiratory disorder which prevents the normal exchange of oxygen and carbon dioxide in the lungs. But the precise causes of the silicosis and pneumoconiosis which afflict miners are still in dispute. Some scientists have held that coal dust, which many believe to be the basic cause of pneumoconiosis, is less important than fine particles of quartz and other hard materials which cause lesions in the lungs. Similarly, no certain cure for the disease, and no certain means of preventing it, have yet been discovered, although various treatments are being devised and tested. Forty-three of the 56 research projects embarked on in 1956 are concerned with the study of the respiratory tract, the effect of dust, and the diagnosis and treatment of pneumoconiosis.

Heat and Noise

Other research projects in progress include studies into the effect of carbon monoxide absorbed from the atmosphere; of the body's tolerance of high temperatures, their effects, and means of protection against them, and of the physical consequences of working in conditions of noise. The last-named project was undertaken to learn if the din of a steelworks or a mine may cause not only partial or

temporary deafness, but also such symptoms as overstrain, anxiety neurosis, irritability, insomnia and other psychological disorders which may, in turn, cause physical disorders.

Community. But in addition to these groups of scientific experts, the High Authority's Medical Research Committee has also called meetings of practicing industrial physicians and has set up two working groups, one composed of doctors practicing in the mining areas and the other of doctors practicing in steel industry centers.

These groups provide a link between medical practitioners of the different Community countries and also between the High Authority's scientific research into industrial

medicine and its actual application in the steelworks and the mines.

Further work to be undertaken under the High Authority's research program will include a special inquiry into rehabilitation measures, partly based on the studies already undertaken in this field by existing international bodies.

Working Groups: Practical Application

To maintain continual contact with the experts engaged on research in these and allied problems, the High Authority organizes periodical meetings at its headquarters in Luxembourg. During 1956, 19 such meetings took place, with 140 experts from the different scientific institutes of the

Industrial Concentrations Reviewed

Common Assembly Report Examines Effects of Mergers on Competition

An article Toward Free Competition in Europe which appeared in the ECC&S Bulletin for April, 1955, concerned the High Authority's powers to deal with cartels and concentrations within the Community. That year, the High Authority moved to break up the Ruhr coal sales cartel GEORG in exercise of powers provided by the Community Treaty. Since then a number of mergers among coal and steel industries have been approved by the High Authority. This article deals with an Assembly Report on industrial concentrations that have taken place within the Community since the opening of the Common Market.

One of the effects of the Common Market has been to speed the reorganization of Europe's coal and steel industries and to encourage industrial mergers. Since the Community began in 1952, none of the mergers so far examined by the High Authority has warranted a veto.

These are the main conclusions of a Report on industrial mergers in the Community recently presented by the Common Assembly's Common Market Committee.* The Committee saw no major problems in the field of concentrations, but did urge the High Authority to formulate a definite policy on mergers instead of employing a case-by-case approach.

Economies of Scale

The Report presented to the Community's Common Assembly in May, 1957, by M. Henri Fayat, Belgian Socialist Deputy, recognized that while cartels almost invariably lead to restriction of trade, concentrations up to a certain point are economically desirable. They can, in fact, assure better supplies of raw materials, better use of large-scale productive equipment, easier financing of research and

new investments, and a protection against the fluctuations of demand, as well as greater security of employment.

Dangers of Concentrations

Only if the degree of concentration becomes excessive, the Report said, are the economic benefits of mergers offset by dangers. For example, too great a concentration of economic power can divide and exploit the market, put a stranglehold on resources of raw materials, fix prices, control and restrain production, and thus destroy the economic health of a common market. In addition, the Report warned that excessively large concentrations are able to group themselves more readily into cartels.

It is the High Authority's responsibility to see that the mergers and concentrations which the Common Market helps to bring about are economically sound and that they do not exceed the limits beyond which they become a danger to the market.

Independent Survey

The Fayat Report reviewed briefly concentrations already existing when the Community came into operation in 1952. At that time, it said, the tendency towards mergers was already marked in France, Belgium, Italy, and Luxembourg. Only in Germany was the movement in the opposite direction owing to the Allied decartelization and deconcentration policy. The tendency towards mergers was not confined within borders of individual Community countries, but in some degree was international before the Community began.

Before the Common Market

In 1952, the Report stated, the biggest concentration in the Community was the Luxembourg steel combine, ARBED, whose steel production in 1950 had been some

* *Rapport fait au nom de la Commission du Marché Commun sur les concentrations d'entreprises dans la Communauté, par M. Henri Fayat. Common Assembly Document No. 26, 1956-57.*

2.2 million tons. ARBED owned raw material resources as well as a considerable transforming industry. In Germany, at the end of the war, the Vereinigte Stahlwerke had had an annual production of some 9 million tons, but this firm, like other German coal and steel combines, was reorganized through the deconcentration measures of the Allied High Commission, leaving as Germany's biggest steel producer the Dortmund-Horder Huttenunion, which in 1952 produced 2 million tons.

In France, according to the Report, the Union Siderurgique du Nord de la France (USINOR) produced 1.5 million tons of steel in 1952, and the Union Siderurgique de Lorraine" (SIDELOR), which was formed in 1950 from three existing firms, produced 1.4 million tons.

In Belgium in 1952, the Report continued, were several large steel concerns, the biggest being John Cockerill, Ougree-Marihaye, and Les Forges de la Providence; these

three firms were associated with iron ore and coal mines as well as with transforming industries, while many other firms were financially and personally linked in very complex patterns. In the Netherlands, there was virtually only one important steel concern, the Koninklijke Nederlandsche Hoogovens en Staalfabrieken-IJmuiden. This firm, linked with the Dortmund-Horder Huttenunion in Germany, was partly owned by the Dutch Government and the City of Amsterdam. In Italy, likewise, the State effectively controlled more than half the country's steel production of almost all its production of pig iron. All except two of the firms in question were grouped in the FINSIDER holding company; among private steel firms, the most important was FIAT, which although it did not have a large crude steel production, was already a major power in the transforming industry.

A Matter of Definition

The following remarks concerning the definition of cartel and concentration (merger), as used in the ECC&S Treaty, were originally published in the April, 1955, issue of the Bulletin.

A concentration occurs when separate firms producing the same or complementary products come under single control. The best example of concentration is a merger.

The ability of a concentration to limit competition in the same manner as a cartel depends upon the size of its production in relation to the total output on the market or alternatively its ability to seize control over access to supplies or outlets for goods.

Cartels are formed when separate companies engaged in the same line of business agree to follow policies designed to limit or eliminate competition. Their restrictive power depends not only upon the extent of their control over the market, but also upon their ability to control the actions of their own members.

Beyond a certain point, concentrations may reduce the number of firms producing the same product to a degree whereby they have, without agreement, the same effect as a cartel or reach a point where cartels may be facilitated. This latter point needs careful definition.

Any effective policy to break up restrictive trade practices must prevent both cartels and concentrations from dominating the market. But as mentioned above, one does not necessarily imply the other and care must be taken to distinguish between the effects of each.

Under terms of the Treaty, cartels are presumed guilty until proven innocent and therefore forbidden unless especially authorized in exceptional circumstances. Concentrations, on the other hand, are not forbidden by the Treaty and are presumed innocent unless the High Authority finds that they may tend to distort the market.

Concentrations since the Common Market

At the time of the Report, the High Authority had completed its inquiries into 31 cases for which it either granted authorization or declared that authorization was not required. Of these 31 merger cases, 15 occurred in Germany, eight in France, five in Luxembourg, and three in Belgium. Three of the 31 were mergers between coal firms, eight between steel firms, two between steel producers and makers of special steel, one between coal dealers, five between coal and steel firms, and 12 between steel firms and engineering firms or between ore producers and steel or engineering companies.

The three Belgian concentrations were on a particularly large scale, according to the Report. One of them, resulting from the tie between John Cockerill and Ougree-Marihaye, today controls about 34 per cent of Belgian steel production or 4 per cent of Community production, about two million tons of steel. In Luxembourg, the major case of concentration considered by the High Authority was ARBED's purchase of a large German coal firm. In Italy and the Netherlands, so far, the High Authority has not had to examine a merger.

Concentrations in Germany

It is in Germany that the greatest number of concentrations have occurred, due largely to the state of German industrial organization at the time the Community was set up. In this connection, the Report said, "It is worthwhile pointing out that, contrary to the opinion frequently encountered, the Treaty should not and could not perpetuate the deconcentration policy laid down by Allied rulings in Germany. In fact, according to Article 66, Section 2, Paragraph 4, the High Authority in its consideration of requests for authorization must act in conformity with the principle of nondiscrimination set out in Article 4, Paragraph b, and must take into account the size of other similar enterprises existing in the Community." In other words, economic criteria must guide the High Authority's action.

Most concentrations which have taken place in Germany since 1952, said the Report, are vertical concentrations between Community industries and their suppliers of raw materials on the one hand or their customers in the transforming industry on the other. Only a comparatively few are horizontal concentrations between one coal firm and another or one steel firm and another. Thus, for example, the firms Mannesmann, Klockner, Hoesch and August Thyssen have recovered control of their own coal resources, while two other firms, Phoenix Rheinrohr and Dortmund-Horder Huttenunion have acquired shipyards. The Report says that this process towards greater concentration is likely to continue.

Mergers in France

In France most of the concentrations have been vertical. However, because France's coal industry is nationalized in the Charbonnages de France, it is impossible for French steel firms to acquire French collieries. Some have therefore sought supplementary coal resources elsewhere in the Community, for example in Germany, where ten French steel firms, organized in the Societe Sidechar have bought the Harpener mines in the Ruhr. This transaction has enabled a German industrialist, Herr Flick, who sold the mines, to participate in a French steel firm, the Societe des Forges de Chatillon-Commentry et Neuve-Maison. Another large French concentration is that of the Senelle-Maubeuge and Escaut-Meuse and the Acieries de Longwy steel firms, which now compose the Societe Lorraine-Escaut.

Further concentrations are still under study by the High Authority. The table below shows the 1956 steel production of 19 leading Community firms (in millions of net tons)

Firm	1956	Source	Date
ARBED	3.2	Echo de la Bourse	9. 2.57
Dortmund Horder Huttenunion	3.0	Industriekurier	10. 2.57
Phoenix + Rhein. Rohrenwerke	2.7	Deutsche Zeitung	2. 3.57
Cockerill-Ougree	2.3	Handelsblatt	20. 2.57
Usinor	2.3	Vie Francaise	11. 1.57
Rheinhausen (ex-Krupp)	2.2	Industriekurier	1.12.56
Klockner	2.0	Correspondence Eco.	10. 1.57 12. 2.57
Lorraine-Escaut	1.9	Vereingter Wirtshafts Dienst	22. 2.57
Sidelor	2.0	Bulletin Societes	16. 2.57
Mannesmann	2.0	Fraukfurter A.Z.	10.12.56

Oberhausen (ex-G.H.-Haniel) ...	1.9	Deutsche Zeitung	2. 2.57
Hoesch	1.9	Deutsche Zeitung	16. 2.57
de Wendel	1.7	United Steel Workers' Report	1956
August Thyssen	1.8	Wertpapier	15. 2.57
Hutte	1.4	United Steel Workers' Report	1956
La Providence (Belgique + France)	1.3	Montan Archiv	30.11.56
Bochumer Verein.	1.3	Industriekurier	26.10.56
Hainaut Sambre	1.2	Echo de la Bourse	2. 2.57
Volklingen	1.2	Vereingter Wirtshafts Dienst	9. 2.57

The size of these firms, the Community's industrial giants, is similar to those of Great Britain, and is far smaller than such companies as the United States Steel Corporation and Bethlehem Steel. A detailed comparison is given by the following tables:

Output of Principal Steel Firms in Great Britain

Firm	(millions of net tons)	Production 1956
United Steel Companies Ltd.		3.0
Dorman, Long and Co. Ltd.		2.3
Colvilles Ltd.		2.2
Steel Company of Wales Ltd.		1.9
Richards, Thomas and Baldwins, Ltd.		1.5
Stewarts and Lloyds Ltd.		1.5

Output of Principal Steel Firms in the U. S.

Firm	(millions of net tons)	Production 1956
United States Steel Corp.		33.4
Bethlehem Steel Corp.		18.3
Republic Steel Corp.		9.3
Jones and Laughlin Steel Corp.		5.9
Youngstown Sheet and Tube Co.		5.4
Armco Steel Corp.		5.2
Inland Steel Corp.		4.9
Colorado Fuel and Iron Corp.		2.4
Wheeling Steel Corp.		1.9

The Report points out that vertical concentration in Great Britain is fairly well developed: of the six companies

mentioned in the table above, three possess iron ore mines and five transforming industries. In other cases, transforming industries own their own steel-producing works as do Ford in the United States and Fiat in Italy.

In the United States, of 84 steel companies, the ten biggest control about 82% of the total raw steel production, and vertical concentration is well advanced. Of the ten largest companies, nine possess coal and iron ore mines while the tenth has its own coal mine. At the same time, they control their own transforming industries, and Bethlehem Steel, for example, is one of the world's largest shipbuilders.

Vertical concentration, the Report continued, presents a certain danger insofar as the steel industry may tend to absorb more and more coal. The Report expressed some anxiety about the possible absorption into steelmaking of too large a proportion of the Community's total coal supply. Nevertheless, it said, "We believe that the order of magnitude so far attained in the Community is not excessive and that the movement will continue." So far no consumer has complained of the concentrations, but on the contrary the producers themselves have complained of growing competition. This, said the Report, seemed to indicate that concentration so far brought about by the Common Market are not harmful to competition and that the High Authority's policy toward them should be approved. Until now, the High Authority has not refused authorization to any request it has received.

A Policy on Mergers

In conclusion, the Commission's Report urged the High Authority to go beyond its empirical approach and to develop a merger policy dealing with the concentrations likely in the future. In the coal industry, the Report considered a high degree of technical and financial concentration both desirable and inevitable. But, said the Report, vertical concentration—which is highly developed in the Ruhr, where 74% of coal production is controlled by German, French, Luxembourg and Netherlands steelworks—may have potential disadvantages. In particular, by linking steel firms to coal supplies it may postpone long-term technical developments, such as steelmaking without the use of coke.

Many small, costly, and outdated installations in the Community, the Report said, need replacing by a lesser number of modern plants with a larger capacity. Further, it may be advisable for steel companies to extend their iron ore interests even further by seeking links with producers in countries outside the Community. Within the Community, the Report concluded, the High Authority should continue and increase its close supervision of industrial concentrations. The Common Market Committee of the Common Assembly indicated it would continue to supplement the High Authority's executive supervision through the "indispensable corollary" of control by the Community's parliament.

Treaty Ratifications Continued from page 1

Chamber of Deputies, a vote was expected before the summer recess on August first. The Italian Senate was expected to complete the parliamentary approval before November of this year. The nations of Benelux were also expected to act upon the Treaties in the fall, thus clearing the way for putting both pacts into effect by January, 1958. If the ratification timetable is maintained, it will mean that a common market for nuclear materials would come into effect by January 1, 1959 and that the initial tariff reduction of ten per cent on all goods traded between the six nations would be made on the same date.

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Churchill and Macmillan urge Britain join with Europe

At a meeting in London on the same day of the French ratification of the two Treaties, Prime Minister Harold Macmillan and Sir Winston Churchill urged Britain to join the proposed European free trade area, thus cementing the bonds of unity with the continent.

Speaking at a meeting sponsored by the United Kingdom Council of the European Movement, Britain's wartime leader and elder statesman said: "My message today to Europe is the same as it was ten years ago—unite . . . now Britain genuinely wishes to join a European free trade area . . . let us go forward together."

Mr. Macmillan declared that Britain, in joining the free trade area, would develop greater industrial efficiency and would hope to attain for its industrial economy "what, has been done in a similar area in the United States."

TENTH ANNIVERSARY TRIBUTES TO MARSHALL PLAN CITE EUROPEAN ECONOMIC UNITY ACHIEVEMENTS

Governments, businessmen, trade unions, and the press throughout the free world paid tribute on June 5 to the author of the Marshall Plan on the occasion of the anniversary of George Catlett Marshall's historic proposal made ten years earlier at a Harvard University commencement. The immediate effect of the Marshall Plan was to draw the nations of Western Europe closer together for more effective economic cooperation within the framework of the OEEC. The significant long range result of the \$13 billion aid program was the awakening of not only the need but of the possibility of uniting Europe economically. Following is an article appraising the results of the Marshall Plan, by Ferdinand Kuhn. It appeared in the Washington Post and Times Herald on June 6.

The changes in Europe since June, 1947, have been of the kind that would normally have taken 50 years. To anyone who saw Western Europe in that tragic spring and who revisits it today it is a different world. German civilians were grubbing in fields for food and fuel while the General was speaking at Cambridge.

The French and Italians were living on emergency food shipments from the United States. The British were staggering through an economic crisis that was harder in some ways than the war years themselves for there seemed to be no victory in sight, no light at the end of the tunnel.

The four housemen whom Marshall called "Hunger, Poverty, Desperation and Chaos" were riding high through Europe and where ever they rode except perhaps in Britain and Scandinavia, Communism was rising to take advantage of the people's misery.

Only a Memory

Today all this is only an evil memory. Western Europe's industries last year produced 74 per cent more than before the war. Its farms grew 30 per cent more, its exports shot up to 84 per cent more and its internal trade was almost twice as much in quantity. There no longer is such a thing as the Western European economic problem. It has become a series of problems of individual countries coping not with poverty but with prosperity. Most of the so-called Marshall Plan countries have shortages of labor; all the industrialized countries at least are putting more into development plans for the future than their present economies could sustain.

Without the spark of Gen. Marshall's speech and without the \$13 billion America pumped in during the first four years Europeans could not have achieved their astounding recovery of today—and they know it.

Other Part of the Story

But trade and economics are only part of the story. When Marshall spoke at Harvard he did not use a single

statistic. Instead he pictured the situation in human terms and went on to propose a revolutionary procedure for curing it. This was his suggestion that Europeans themselves get together to determine what they could do for themselves and what they would need from the outside. Western European governments picked up the ball and ran with it—and they are still running with it 10 years later.

Their first response resulted in the creation of the Organization for European Economic Cooperation in which officials were not French, German, Italian or Dutch, but European. The United States had hoped for more; it hoped that an integrated Europe would be built into the work of rebuilding the continent. Yet the impetus of 1947 did not die and since the ending of the original Marshall Plan in 1952 Western Europe has sprouted a whole flower garden of supranational organizations in special fields. The Coal and Steel Community, for example, leaped over frontiers and reshaped the heavy industries of the six countries as if they were one. NATO in the military field and soon Euratom in the atomic and the Common Market in the field of trade—all these steps in the course which Marshall and his helpers charted 10 years ago.

Another Contribution

The plan that grew out of Marshall's speech contributed one other idea that should be remembered today. This was the novel use of counterpart funds—that is, provision that every country getting grants from the United States should put up equivalent amounts in its own currency for its own uses. Economists may frown at some results of these vast accumulations of local currencies.

Some countries like France and Italy used them to speed their reconstruction from war. Britain used counterpart sterling to reduce its national debt. In retrospect, what matters now is not so much the uses of these billions of lire, francs, marks, but the fact that Europeans raised these sums themselves and so took a major share in their own recovery.

Mistakes Were Made

Mistakes, of course, were made in the Marshall Plan, and Europe will pay heavily for them. Germans and Italians say today that too much was poured in at the top with the result that big industries are bigger and politically more powerful than in Nazi and Fascist days.

In addition, Marshall planners made a basic error in treating underdeveloped Turkey and Greece in much the same way they handled industrialized societies of the Atlantic Coast. These countries would be better off today if there had been greater emphasis on agriculture.

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Compare It with '31

But few Europeans today will throw stones at the Marshall Plan or its architects, beginning with the General himself. We are now 12 years from the end of World War II. One measure of how far Europe has come is a comparison with its condition 12 years after the World War I armistice—say at the beginning of 1931. At that time the Nazis were on march throughout Germany, Fascists were firmly in control of Italy, Britain and France were struggling with world-wide economic depression. All Europe had begun the stampede to the shelter of protective tariffs and other devices of self-sufficiency that proved to be no shelter at all.

Not one European country—not even Italy for all of Mussolini's bombast—had any faith in its future. Today every Marshall Plan country believes in itself in spite of the tragic division of the continent and the shadow of atomic war.

NEWSBRIEFS

Community Governments Agree on Rhine Transport Tariffs

The Council of Ministers agreed in principle on June 19th to harmonize rates for coal and steel traffic on the River Rhine. The six governments decided that charges between ports of one country will be aligned with comparable international rates. So far, a wide gap has existed between national and international rates in Rhine river traffic. The West German Government has made its agreement conditional on ratification by the Federal Parliament. The six transport ministers hope eventually to extend the agreement to cover all goods transported on the Rhine and all countries concerned in Rhine river traffic.

Juridical Congress Held in Italy

A juridical congress held in Milan and Stresa from May 31st to June eighth brought together many of Western Europe's most prominent jurists for discussion of the economic and legal significance of the whole range of pow-



GIUSEPPI PELLA, former Italian Premier and ex-President of the Common Assembly.

ers and activities of the Coal and Steel Community.

The Congress was presided over by Sig. Giuseppe Pella, Deputy Premier and Foreign Minister in the new Italian Government, and former President of the Community's Common Assembly. It was also attended by representatives of the Community's institutions.

Readaptation Aid for German and Italian Miners

The High Authority has agreed to aid German miners put out of work by the closing of Barsinghausen coal mine of the Preussische Bergwerks-und Hutten AG, which is owned by the West German Government. The mine could not be kept open on an economic basis without payment of subsidies which are forbidden by the Community Treaty. Of 2,087 persons employed at the mine, 860 have been taken on in other mines (in the Ruhr and Oberkirchen) and 680 have found other employment in Barsinghausen. The German Government proposed that 211 workers who will be temporarily unemployed be paid a tide-over allowance for up to 16 months; that a removal and settling-in allowance be paid to those workers who have had to move, and that financial aid be given to those workers who require vocational retraining. The High Authority strengthened the proposals inasmuch as the plan did not cover all needs, and the allowances suggested were not as high as some paid earlier for similar cases in Belgium and Italy. This was the West German Government's first request for High Authority aid toward the readaptation of workers.

The High Authority also agreed to give readaptation aid to 373 more workers in the Sulcis coal mine in Sardinia. Aid has already been granted to 1,000 Sulcis miners who lost their jobs following modernization of production in the mine.

Labor Passport Agreement Fully Ratified

The Luxembourg Parliament has ratified the intergovernmental Convention on free circulation of skilled coal and steel workers throughout the Community's territory. The Convention, which covers about one-sixth of the Community's coal and steel workers, has now been ratified by all the Community countries and automatically enters into force.

President Coty Visits High Authority

France's President Rene Coty, in the company of the Grand Duchess Charlotte, titular head of the state of Luxembourg, paid an official visit to the High Authority of the Coal and Steel Community on June 21st.

France's chief of state was welcomed by High Authority President Rene Mayer, and Vice Presidents Franz Etzel and Albert Coppe. In a brief speech, President Coty declared that the Coal and Steel Community, which five years ago someone had termed a "leap in the dark," has shown itself to be an act of wisdom. He expressed the gratitude of the French Republic and of all the member countries to those who were working in "this new experiment . . . so bold and important in itself but even more important through the lessons and example which it offers" for the widening of economic federation.