



Bulletin from the
EUROPEAN
COMMUNITY
for coal and steel

INFORMATION SERVICE • HIGH AUTHORITY • LUXEMBOURG

TOWARD FULL UNION IN EUROPE?

Common Market President Underscores Need for Close Co-operation

Europe this year embarked upon the final stage of its march towards economic unification which began in 1952 with the creation of the European Coal and Steel Community. The European Economic and Atomic Energy Communities came into existence on January 1, 1958. Members of their executive branches have since been named and these bodies already have held their first meetings.

The extent to which the new Communities will carry Europe along the road to full economic federation depends largely upon decisions and actions yet to be taken by their executive bodies.

The Treaties establishing the Communities denied to the executives in substance the same degree of supranational powers as was vested in the High Authority of the Coal and Steel Community, but nevertheless endowed them in spirit with the task of achieving real economic unification.

The operation of the new Communities therefore poses some fundamental questions. What practical steps will be taken to ensure reaching the objective of real economic federation (as compared to economic association)? Will one of these principal objectives, a unified economic policy, be realized? Will the powers of the new executives be adequate for them to carry out their tasks? Will their members show the same European spirit in their approach as that which has characterized the actions of the High Authority?

The following interview with the Economic Commission's President, Prof. Walter Hallstein, provides some answers as to the spirit in which the Common Market's executive branch will go about its task. The interview was given to Steven Hamilton of Radio Netherlands' International Service immediately after the first meeting of the three Community Presidents in Luxembourg on January 14.

Three Communities with a Single Aim

Professor Hallstein declared that he regards all three European Communities as different means of reaching the same goal—the unity of Europe—and that there is every hope of achieving effective co-operation between them. He said that he and his fellow-Presidents had agreed to meet at least twice a month, and if necessary more frequently, to exchange views on points of common interest.

"We have done this in the belief that it is of extreme importance that the three Communities we have created should all regard themselves as expressions of one and the same idea . . . the unity of Europe, and first, of course, unity in the economic field," he declared.

The High Authority — a Forerunner

"The President of the High Authority of the Coal and Steel Community, M. Finet, has been kind enough to offer his good services for the start of the two Commissions," Prof. Hallstein said. "We are, of course, very happy to meet on

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the European scene an elder sister who can help us at this moment when we are about to take our first steps."

The Assembly—Spur to Political Unity

Asked whether he thought that economic unity would work in practice and whether it would lead eventually to political unity, Prof. Hallstein said that the creation of the European Community was "an event of political importance and even political in itself. . . . The unification of at least certain essential elements of economic policy in Europe is something which affects political realities in continental Europe. By this I do not want to exclude—far from it, I am convinced of the contrary—the possibility . . . of a progressive development which will eventually lead to institutions responsible not only for economic affairs but also for political affairs in the true and particular sense of the term.

"We already have, in the parliamentary Assembly of the three Communities—the same Assembly will control the activities of the three Communities—a point where the desire for a common goal, a common political goal, for Europe will find its expression."

The Common Market and the U.S.

To the question of how he thought American public opinion would react to the formation of a Common Market which might one day be a formidable industrial competitor Prof. Hallstein replied:

"There is a saying that the Americans are the best Euro-



Prof. Walter Hallstein, President of the European Economic Commission.

peans, and there is much truth in that. First I must remind you of the part which the Marshall Plan, to quote the most impressive example, has played in the building of Europe. No European will ever forget the stimulus which was given to the European movement by Marshall Aid.

"In addition to that—and I speak from intimate experience in the European field—I can tell you that, without the aid, good offices, and advice given by American policy,

Major Community Appointments

As reported in ECC&S Bulletin No. 27, the six Foreign Ministers of the Community countries, meeting in Paris on January 6th and 7th, appointed Members to the Commissions of the two new European Communities, and named Paul Finet to succeed René Mayer as President of the Coal-Steel Community's High Authority. They also appointed High Authority Member Dirk Spierenburg to the vacant Vice-Presidency, and designated two new Members—Franz Blücher of Germany and Roger Reynaud of France.

At the same meeting, the Ministers agreed in principle that the three Community organizations should be concentrated in one place although they failed to agree on a site. Another meeting to resolve this problem will be held before June 1, 1958. In the meantime, the Commissions will meet in Luxembourg or in Brussels, and the Assembly will continue to meet in Strasbourg.

The European Economic Community Commission

President:

Professor Walter Hallstein (Germany)

Vice-Presidents:

Signor Piero Malvestiti (Italy)

M. Sicco Leendert Mansholt (The Netherlands)

M. Robert Marjolin (France)

Members:

M. Robert Lemaigen (France)

Signor Giuseppe Petrilli (Italy)

M. Michel Rasquin (Luxembourg)

M. Jean Rey (Belgium)

Herr Hans von der Grolben (Germany)

Euratom Commission

President:

M. Louis Armand (France)

Vice-President:

Signor Enrico Medi (Italy)

Members:

M. Paul Hubert De Groot (Belgium)

Dr. Heinz Krekeler (Germany)

M. Emanuel Sassen (The Netherlands)

The European Investment Bank

Signor Pietro Campilli (Italy) is to be recommended to the Council of Governors of the Bank as President, and two Vice-Presidents will be nominated—one Frenchman and one German.

The Assembly

The choice of a President is the right of the Assembly itself, but the six Foreign Ministers agreed to recommend to the representatives of their respective parliaments that an Italian be chosen.

Court of Justice

The President of the Court, who has not yet been appointed, will be a Dutchman. The Court will be formally constituted on April 1, 1958.

and the encouragement of American public opinion, I doubt whether we would have come as far as we have now come. This is a political consideration, but so far our experience has been that the American public has looked at this development in Europe mainly from the political angle, and I think the Americans are right in doing so, because emphasis is on political motives.

"It may be that there will be some disadvantages for American industry; but so far I have not the slightest indication that American policy, or even American public opinion, have been influenced in their very positive attitude toward the unification of Europe; we are very grateful for this fact and very hopeful that the American attitude will remain the same."

The Free Trade Area — "A Real and Sincere Effort Needed"

Finally, on the prospects of a Free Trade Area coming into being, Prof. Hallstein said: "I personally think that the Free Trade Area is a necessary supplement to the Common

Market. It is not, however, a condition for the existence of the Common Market in the sense that if we did not succeed with the Free Trade Area, we should have to dissolve the Common Market . . . but I think a Free Trade Area is necessary for a number of reasons, among them political reasons; while we think that this very tight construction of what we call integrated continental Europe must be preserved and even developed, we also think that it must be supplemented, in the greater sphere of what is sometimes called Greater Europe, by the association of other countries, among them in the first line Great Britain.

"So I personally, and I say this because I think it is not in contradiction with the responsibility which I have just taken over, I will make the greatest effort to bring about the Free Trade Area. I realize perfectly that we shall face a number of problems, some of them, such as agriculture, extremely difficult. And there are others, too. But I think we have to make a real and sincere effort and I am sure that the whole Commission will be in agreement with me on this point."

THE NEW PRESIDENTS

The High Authority

PAUL FINET, who is 60, has been a Member of the High Authority since its establishment in 1952, when he was co-opted by the unanimous vote of the other eight Members of the Coal and Steel Community's Executive, appointed under the terms of the Treaty by the six Community Governments. As Member of the High Authority he has given special attention to questions of social policy.

Born at Montignies-sur-Sambre, Belgium, in 1897, he started work in a local steel plant at the age of 14 and became an active trade-unionist in 1925. In 1936 he was appointed National Secretary to the Belgian Trade Union Federation and in 1949 became the first President of the International Confederation of Free Trade Unions (I.C.F.T.U.) During World War II he spent some years in Great Britain.

On taking office on Monday, January 13, 1958 M. Finet said his aim as President of the High Authority would be to achieve the aims of the Treaty by the means which it provides; and to complete what has been begun.

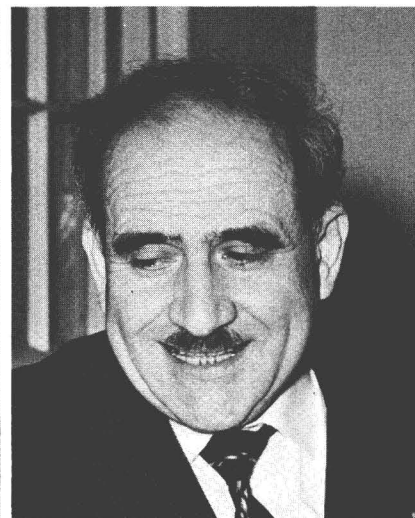
He added: "I have never lost sight, and I do not intend to lose sight in the future, of the fundamental aims which are inscribed in Articles 2 and 3 of the High Authority's Charter (The Treaty): the improvement of the living and working conditions of labor, their harmonization upwards, and in a more general way, the raising of the standards of living of the Community's peoples."

The European Economic Community Commission

Professor WALTER HALLSTEIN, a 56-year-old bachelor, has been Federal German Secretary of State for Foreign Affairs in the Federal German Government since 1951. He also led the Federal German Delegation during the nego-



Paul Finet, appointed President of the High Authority succeeding René Mayer.



Louis Armand, President of the Euratom Commission.

tiations of the European Coal and Steel Community's Treaty. Born in 1901 at Mainz, he studied law and economics at Bonn, Munich, and Berlin and subsequently held several top-rank posts at German universities. In 1941 he was appointed Director of the Institute of Comparative Law in Frankfurt-am-Main, where he returned after the war as Rector of the University.

In 1944 while a prisoner of war in the United States, he organized the "Camp University" and gave courses of instruction in law. During 1948-49 he was visiting Professor at Georgetown University in Washington.

The author of several legal and political works, he is co-editor of the "Deutsche Juristenzeitung," and Doctor Honoris Causa of Georgetown University.

The Euratom Commission

LOUIS ARMAND, who is 52, was one of the "Three Wise Men" appointed by the six Community Governments to report on a target for Euratom's power production. In this

capacity he visited the United States a year ago. Born in 1905 at Cruseilles in Upper Savoy, France, he entered the Ecole Polytechnique in 1924 and graduated second in his class. During the war he headed the French Railway Resistance Group and was arrested by the Gestapo and imprisoned at Fresnes.

In 1946 he was appointed Deputy Director-General of the S.N.C.F., becoming Director-General in 1949 and President in 1955.

During his work for the French Railways, M. Armand specialized particularly in power and energy problems. In July 1955 he was appointed President of the Nuclear Energy Committee of the intergovernmental body set up by the

Messina Conference, and in December 1956 was further appointed to the Three Wise Men Committee.

On July 9, 1957 although not a member of the French Parliament, M. Armand made a decisive speech before it favoring the Euratom Treaty declaring:

"We have a very grave responsibility in regard to future generations. . . . It would be little good taking them to the Rue Vanquelin to show them the plaque which commemorates the fact that the French discovered radium. They would merely say to us: 'At that time the French were of such a size that they mattered.' Now we have to adapt ourselves to the size of our own country; in other words we must associate with other countries."

Meeting of Three Presidents in Luxembourg



Three Presidents of the European Communities meet in Luxembourg on January 14, 1958. L to R: Prof. Walter Hallstein, Common Market; Paul Finet, Coal and Steel Community, and Louis Armand, Euratom.

Before their first meeting in Luxembourg on January 14, the Presidents of the three European Communities made public statements pledging themselves to cooperate closely with each other in their tasks. Following are brief extracts from their statements:

WALTER HALLSTEIN: "We have a moral support in the shape of the older institution (the High Authority of the E.C.S.C.) which has acquired a good place in the international world. It also gives us—I hope, Mr. President, and I presume that this will be the result of our conversation today—support in very practical and technical matters; we are in need, at the beginning of our work, of such valuable aid."

LOUIS ARMAND: "Is it not the duty of the Communities to give an example of working in common? This is the example that we are giving today. We have come here today to reflect and to think in common: . . . All three of us wish to work in indissoluble union."

PAUL FINET concluded by declaring: "Gentlemen, I believe that a first result of our first interview can already be recorded: that is, our common will for close and complete collaboration."

Other High Authority Appointments

DIRK SPIERENBURG, the new Vice-President of the High Authority, has been a Member since 1952 and during that time has given special attention to the Community's external relations, including the negotiations for a Free Trade Area, which he has attended as the representative of the High Authority.

Born in 1909 in Rotterdam, he entered the Netherlands Ministry for Economic Affairs in 1935. From 1950-51 he was President of the O.E.E.C. Council, and he headed the Netherlands Delegation in the negotiations of the European Coal and Steel Community Treaty. Until his nomination as a Member of the High Authority he was Netherlands Member of the Council of Presidents of Benelux.

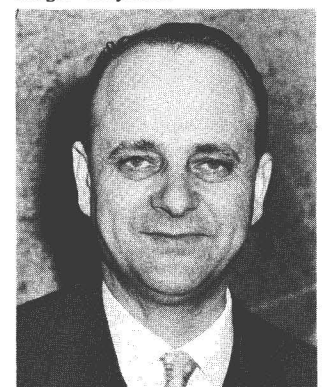
DR. FRANZ BLÜCHER, new Member of the High Authority, was formerly Vice-Chancellor of the Federal Republic of Germany. Born in 1896 at Essen, where he was for some years active in civic affairs, he was one of the co-founders of the Free Democratic Party, and became its President in the British Zone following the Second World War and also a member of the Provincial Assembly of North Rhine-Westphalia. In 1949 he became Federal Presi-

dent of the Free Democratic Party and was named Federal Vice-Chancellor, a post which he held until his nomination as Member of the High Authority.

ROGER REYNAUD, the other new Member of the High Authority, was formerly a member of the French Economic Council and of other national bodies. Born in 1916 at Marseilles, he entered the French Finance Ministry on leaving school, and became an Inspector of Finance in 1954. In 1951 he was appointed to the Committee of the French Christian Trade Union Federation and he is also a member of the International Confederation of Christian Trade Unions. In addition to his trade union appointments, he is a member of the Commission for the French Modernization and Equipment Plan, of the French Accounts Commission, and of the National Productivity Committee.

Dr. Franz Blücher

Roger Reynaud



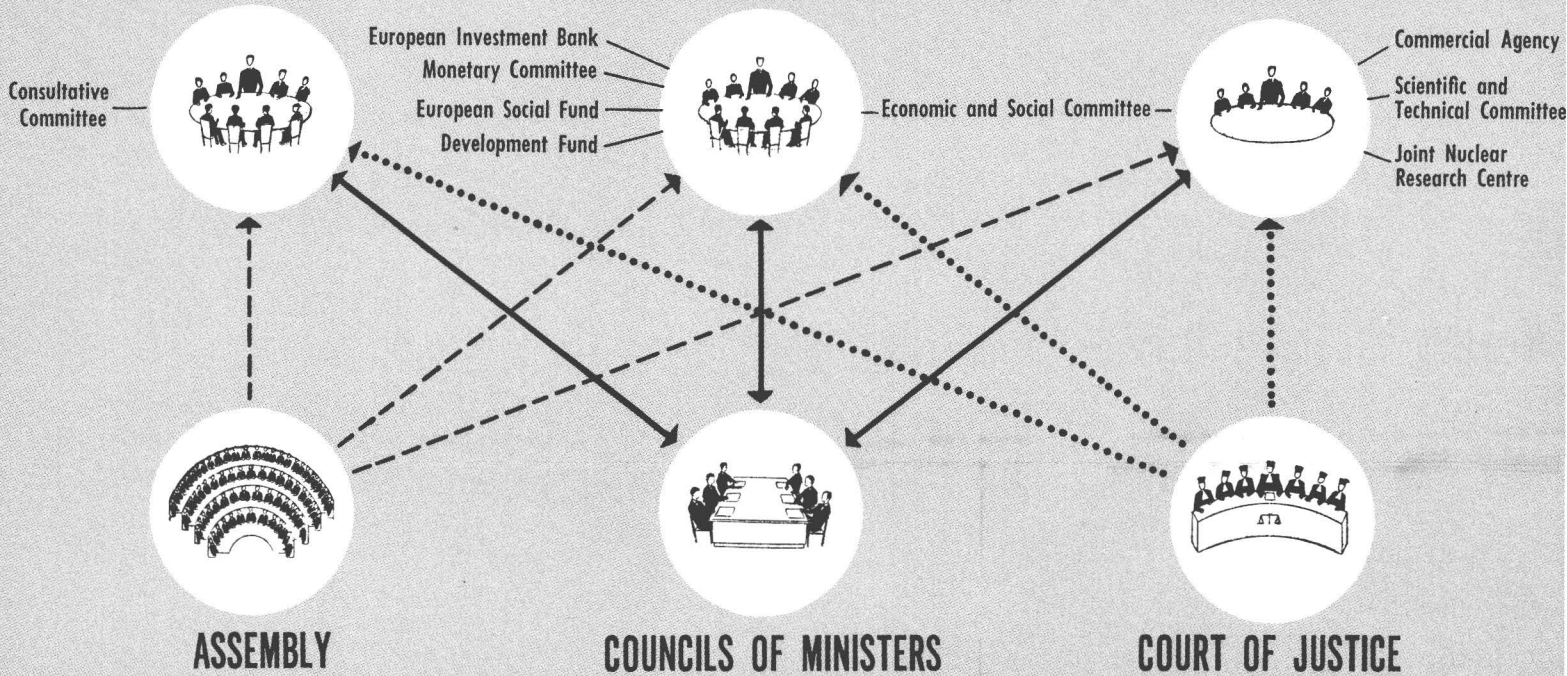
THE INSTITUTIONS OF THE EUROPEAN COMMUNITIES

- - - -> Consultation and joint action
 ———> Parliamentary control
> Judicial control

Coal and Steel Community
HIGH AUTHORITY

Economic Community
COMMISSION

Euratom
COMMISSION



Steel in the Transition Period

Community's Expansion Faster Than World Average

The five-year transition period for Europe's first Common Market—the single market for coal and steel—ended February 10, 1958 a month after a European Economic Community which will set up a Common Market for all goods, came into existence.

The quantitative performance of the Community in producing steel in the transition period cannot be cited as an accurate measure of the success of Europe's first Common Market. The record-breaking expansion of the Community's steel production in the last four years was part of an equally unprecedented general economic expansion when over a four-year period the expansion of industrial output as a whole was of the order of 10 per cent per year. These boom conditions undoubtedly played their part in expanding steel output.

However, it is doubtful whether such a rate of expansion could have been sustained without the existence of the coal-steel Common Market and the action of the High Authority. The brief recession in 1953-54 was softened and possibly halted by the existence of the Common Market with its greatly increased outlets for firms first hit by the decline in orders. When expansion was under way, it was sustained and aided by a more regular flow of coal supplies; the co-ordination of scrap imports; the stimulation of trade in iron ore between the member countries; and the reduction of international rail freight charges.

Among Major Producers, Only Russia Expands Faster

Steel output in the Community in 1957 reached almost 60 million metric tons—43 per cent more than in 1952, the year before the Common Market started. World output in the same period expanded by 38 per cent. Thus, for the first time since before World War I, Europe was not being outpaced by the rest of the world. Indeed, among the world's four major steel producers (the U.S., the Community, the Soviet Union, and Britain, in that order), only Soviet Russia showed a greater expansion rate (48 per cent), and the United States (21 per cent) and Great Britain (32 per cent) came far behind.

Second Largest Share of World Output

The recovery in the Community's expansion rate is demonstrated more impressively by its rising share in world output. Between 1913 and 1951 the Community countries' share in world steel production declined sharply—from 32 per cent to 17.9 per cent. The major influence in that decline was of course the effect of two world wars fought largely on European territory. What is surprising is the subsequent development. It might seem natural that, beyond a certain point, the share of the major producers in world output would be likely to diminish, and that this

comparative decline would be accentuated by the conscious efforts of underdeveloped countries, whose steel production was previously small or non-existent, to expand their steel industries substantially.

Yet between 1951* and 1957, the Community's share in world output rose from 17.9 to 20.5 per cent. Of the other three major producers, only the Soviet Union—whose steel output per head remained substantially below that of the others—managed to raise her share appreciably (from 14.9 to 17.5 per cent); Britain's share in the world total was practically stationary at 7.6 per cent, against 7.5 per cent, and the United States' share fell from 45.2 to 35.1 per cent.

STEEL OUTPUT 1951-57

Thousands of metric tons

Country	1951	1952	1956	Index 1957	
				1957(a)	(1952=100)
Germany (excluding Saar)	13,506	15,806	23,189	24,507	155
Saar	2,603	2,823	3,375	3,459	123
Belgium	5,070	5,170	6,376	6,259	121
France	9,835	10,867	13,442	14,096	130
Italy	3,063	3,535	5,911	6,768	191
Luxembourg	3,077	3,002	3,456	3,493	116
Netherlands	553	693	1,051	1,182	171
Total Community	37,707	41,896	56,800	59,764	143
U.K.	15,889	16,681	20,991	22,100	132
U.S.A.	95,436	84,521	104,522	102,500	121
U.S.S.R.	31,400	34,492	48,610	51,000	148
Eastern Europe (Soviet bloc)	9,732	10,700	15,200	16,200(b)	151
China	900	1,350	4,520	5,000(b)	369
Japan	6,502	6,988	11,106	12,600	180
Other countries	13,134	15,372	21,151	22,836(b)	149
World(b)	210,700	212,000	282,900	292,000	138
Community as percentage of world output	17.9	19.8	20.1	20.5	

(a) Provisional figures
(b) Estimates

Record 1957 Output Levels

The 1957 level of output in the Community was at a record level, and the increase over 1956 (5.6 per cent) was greater than that of any of the other three major producers. Britain's increase was 4.8 per cent, the Soviet Union's 4.1 per cent, and the U.S. showed a decline of 2.0 per cent. Output in 1957 was at a record level in all the Community countries except Belgium, where output was reduced by a steel strike in the summer.

The rate of growth in the transition period, however, was slower for the countries which export a high proportion of their output (Luxembourg, Belgium, and France) than in the other countries of the Community. This tendency reflected the comparatively slow expansion of the export market. The most startling increases in the Community were in countries which were formerly large net importers of steel (Italy 91 per cent and the Netherlands 71 per cent)

* 1951 has been taken as a more representative year for these comparisons than 1952 (the last year before the Common market) since the 1952 figures are distorted by the American steel strike of that year which sharply reduced U.S. production.

and have consequently been expanding their production to meet the needs of their home markets.

Substantial changes occurred during the transition period in the relative share of the member countries in the total steel production of the Community; these changes are shown in the following tables (in percentages):

Share in the Community's Steel Production

Year	Germany (Fed. Rep.)	Saar	Belgium	France	Italy	Luxembourg	Netherlands	Community
1952	37.73	6.74	12.34	25.94	8.44	7.16	1.65	100%
1957	41.01	5.79	10.47	23.59	11.32	5.84	1.98	100%

Future Outlook Seen As Favorable

Despite the slackening of the boom, the High Authority's economists regard future prospects as favorable and believe that the opening of the general Common Market this year should provide a new stimulus.

The High Authority's General Objectives envisage a steel output of 67 million metric tons in 1960 based on an average consumption trend and of up to 73.5 million metric tons if demand increases sharply. The 1957 output was already 89.2 per cent of the average objective for 1960, and an average annual increase of 2.4 million tons over the next three years would be sufficient to realize this forecast, while an average annual increase of 4.6 million tons would be needed to reach the upper figure (13.7 million tons more than the 1957 production). Thus the High Authority's economists regard it as highly probable that, even if a certain slowing-down in the expansion rate predicted for the coming years is taken into account, the Community's steel industry should be able to reach and possibly even pass the average production levels forecast for the Community in 1960.

LLOYD AND DULLES GREET HIGH AUTHORITY'S NEW PRESIDENT

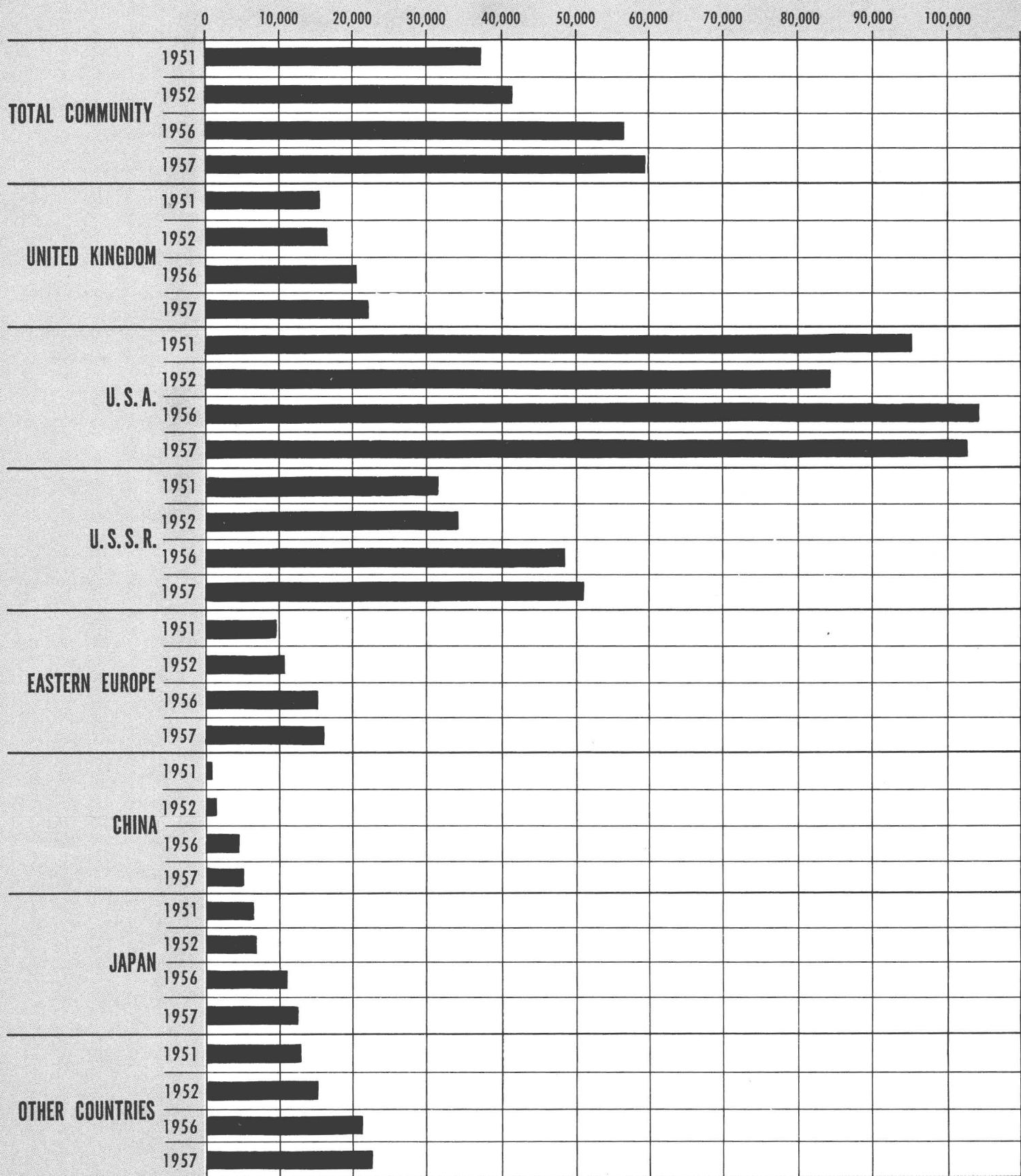
From the Rt. Hon. Selwyn Lloyd:

"My colleagues and I, and particularly those directly concerned with the Council of Association with the High Authority, join in congratulating you on your appointment to your new and most distinguished post. We look forward to the continuation of a fruitful association between the United Kingdom and the Community."

From John Foster Dulles:

"Please accept my sincere wishes for future success in your new position as President of the High Authority of the European Coal and Steel Community. As the European integration enters a new era, I hope that the Community will enjoy continued success in its important tasks of strengthening the economy of free Europe and contributing to the broader aims of European and Atlantic unity. Since the Community's founding, the United States has maintained close and useful relations with it. I am confident that these relations will continue to be strengthened. Please extend my cordial best wishes also to your colleagues on the High Authority."

Steel Output 1951-57 in thousands of metric tons



Newsbriefs

High Authority Fines Italian Firm

The High Authority has fined an Italian steel firm 10 million lire (\$16,130) for failing to comply with the Community's regulations on publicity for price lists, payment of the Community's levy on production, and payment of the scrap import compensation levy.

Coppé Sees Economic Activity for First Quarter 1958 Slightly Higher than Last Year

Albert Coppé, Vice-President of the High Authority, speaking before the Consultative Committee on January 14, 1958 in Luxembourg, declared:

"The Community countries—with the exception of the Benelux countries—have so far felt relatively little of the slackening of economic activity in other parts of the Western world. Certainly, industrial production in the third quarter of 1957 increased by only 4 per cent over the same period of 1956, compared with six per cent in the second quarter and nine per cent in the first. But this is partly explained by seasonal and exceptional factors like the influenza epidemic, which have reduced industrial activity. . . . The economic evolution of our six countries in the months to come will be determined above all by the amount of public expenditure and by the world's economic situation. But we can reasonably predict for the first quarter of 1958 a level of economic activity slightly higher than in the first quarter of 1957."

American Committee Offers Scholarship to the College of Europe

The American Committee on United Europe has announced a scholarship to be offered to an American graduate student to attend the 1958-1959 session of the College of Europe at Bruges, Belgium. The college was founded in 1949 and is supported jointly by the Governments of member nations in the Community and the High Authority. Its aim is to help train graduate students from the six countries as European-minded leaders. Applications for the U. S.-sponsored scholarship may be made by writing to the Committee at 120 East 56th Street, New York 22, N. Y.

Douglas Cites Coal and Steel Community

In a speech on the floor of the Senate in support of extending the Reciprocal Trade Act, Sen. Paul Douglas (D.-Ill.) characterized the Coal and Steel Community as "one of the most heartening and encouraging movements which it has been my pleasure ever to examine."

Speaking on February 3, the Illinois Senator cited the success of the coal-steel common market and went on to describe the general European Common Market which springs from the ECSC. He urged the Senate to provide

authority to make "reciprocal arrangements with the Common Market for reductions in the common external tariffs at the same relative rate that the internal tariffs between the six are reduced."

Free Trade Unions Organize on Community Scale

Meeting in Dusseldorf on January 16th and 17th, representatives of the free trade unions of the six Community countries founded the "European Trade Union Committee" to serve the interests of workers in all three Communities. At the meeting, attended by Dr. Heinz Potthoff, High Authority Member, it was decided that in order to organize Europe's unions on a scale appropriate to the new Communities, the new Committee should comprise:

A General Assembly of 80 delegates representing national, international, and regional trade unions and federations; and an Executive Committee of 13 members, to which the following appointments were made:

Provisional President: Robert Bothereau (Confédération Générale du Travail—Force Ouvrière, France)

Senior Vice-President: Willi Richter (German Trade Union Federation)

Vice-President: Antoine Krier (Luxembourg Workers' Federation)

The Executive Committee will have its headquarters provisionally in Luxembourg.

Two other committees, one for the Common Market and one for Euratom, were also set up to act parallel to the Committee of 21 which already exists to safeguard the interests of the coal and steel workers in the ECSC.

The Assembly passed a resolution declaring that the failure of the Governments to nominate a trade-union representative to the European Economic Commission created "an intolerable situation" which should be changed as soon as possible and that trade-union personalities should be appointed to important posts in the new institutions.

The Assembly charged the Executive Committee and its permanent secretariat with maintaining close liaison with the Council of Ministers and the Commissions and services of the Community institutions so that the trade-union point of view should be made known on all important questions.

Fund Sees Euratom As Vital to U.S. Interest

A paper published this month by the Twentieth Century Fund concludes that the European Atomic Energy Community will help foster economic and political integration in Western Europe, thereby bolstering the U. S. objective to reinforce the strength and security of the free world.

The working paper, prepared by Ben T. Moore, Associate Director of the Fund and a former State Department specialist in European Affairs, also states that Euratom will serve the U. S. atomic energy program if it enlists the aid of American industry in mutually beneficial commercial arrangements. Mr. Moore indicates that by developing nuclear power through Euratom, Europe can reduce its dependency upon Middle Eastern oil.