

ECSC 1962



europa

community

*Published jointly
by the Spokesman's Office
of the ECSC High Authority
and by*



**europaean community
information service**

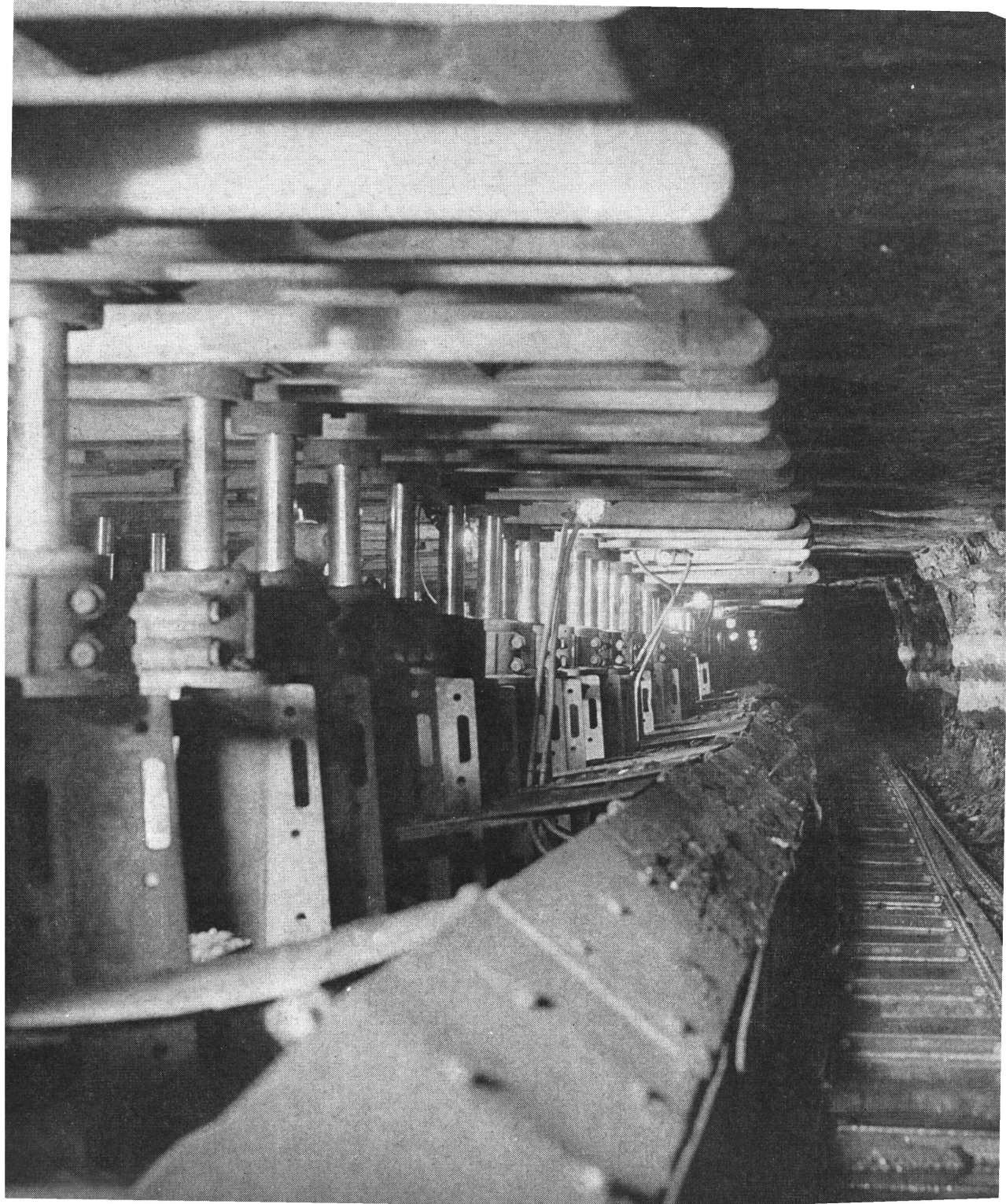
HIGH AUTHORITY SPOKESMAN'S OFFICE

ECSC

THE EUROPEAN COAL AND STEEL COMMUNITY

INFORMATION SERVICE OF THE EUROPEAN COMMUNITIES

SEPTEMBER 1962



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*Revised edition, September 1962.
First published May, 1961.*





ECSC in the european community

YESTERDAY: *the pilot plant for a United Europe*

TODAY: *a bulwark of the European Community*

- Established by six nations—Belgium, France, Federal Germany, Italy, Luxembourg and the Netherlands—under a Treaty signed on April 18, 1951, **the European Coal and Steel Community (ECSC)** is today one of the bulwarks of the European Community; the others are the Common Market and Euratom.
- The Coal and Steel Community arose out of a French proposal. On May 9, 1950, Robert Schuman, then French Foreign Minister, announced to the world a new and revolutionary policy aimed at uniting Europe—a policy of **economic integration** which would create a practical solidarity among the countries of Europe.
- When it introduced the common market for the two main basic products of the modern economy, coal and steel, in 1953, the ECSC launched the process of transforming the structures of the past. It began a gradual adjustment of the economies and institutions of the Western European countries, and of the general outlook of their peoples, to the conditions of the world of today. And into the fabric of an Europe drawn from wars and ancient rivalries, it worked **common institutions and rules**, the first motifs in the pattern of unification.
- The establishment of the Common Market for coal and steel, and the successful handling of the technical problems involved, brought the experience necessary for tackling the major problems of unifying the whole of the Community's economy. It prepared the new drive for unity which culminated in the coming into force of the **Common Market and Euratom Treaties** in 1958.
- The ECSC, the Common Market and Euratom today group six countries in a series of organizations which all European countries may join. To do so they must share the aim of the economic unification of Europe, which in the long term is inseparable from its **political unification**.

the coal and steel community

must further economic expansion, fuller employment and a higher standard of living in Europe

WHY?

● Because frontiers barriers and the **smallness of national markets cramp economic development and hamper the raising of living standards.** Politically fragmented as it was, Europe could not keep pace with the 20th century. In 1913, the countries of Western Europe produced as much steel as the United States and six times as much as Russia; by 1952, their steel production was less than half the American tonnage and only just ahead of Russia's.

● Because the creation of a **large internal market is essential** if the countries of Europe are to achieve an economic expansion that will enable

them to play their full part in a world now undergoing radical changes.

● Because if the resources of several countries are to be used effectively, for the benefit of all concerned, those countries must have **common institutions**, responsible for taking a comprehensive view of the European picture and empowered to take decisions for the general good.

● Because industrial expansion and the raising of living standards depend to a great extent on a **regular supply of the basic products at reasonable prices. Those basic products are coal and steel.**

HOW?

● By making the coal and steel of the six countries available to all the **170 million consumers** of the Community.

● By establishing a **common market** in which every buyer in the Community can obtain his supplies without restriction wherever he can get them most cheaply.

● By doing away with the inequalities in con-

ditions of production, sale and transport—subsidies, discriminations, etc.—which had favoured certain producer and consumer groups at the expense of others—in other words, by **instituting common rules of competition.**

● By creating market and financing conditions which enable the most efficient producers to **expand their operations.**

By fostering the improvement of social conditions, and—through an epoch-making innovation in social policy—**ensuring that the burden of economic and technical change is not borne by the workers.**

By entrusting these tasks to an **independent authority** invested with powers over coal and steel which had previously been held by the national Governments. Thus were laid the first foundations of a federal European power.

A RECORD OF SUCCESS

In ten years, the existence of ECSC and of the common rules which govern it, have:

brought a spectacular increase in trade in coal and steel among the six Community countries;

aided an unprecedented expansion of the Community's steel industry, whose production has risen from 42 to 73 million tons a year since 1952;

ensured that the reorganization of the coal industry which became essential as a result of changing trends in the energy market (in particular the rising share of fuel oil in total consumption) is not held up by arbitrary restrictions on trade;

led the six Governments to ask the High Authority of ECSC to put forward a plan for the coordination of energy policies in the Community;

improved living standards for coal and steel workers: they are paid substantially higher wages, are better housed, have greater freedom to move within the Community, and—under the Treaty clauses granting “readaptation” aid⁽¹⁾ to workers affected by changes in market conditions—they enjoy special guarantees against unemployment;

steered the Common Market for coal and steel on a course of balanced expansion, particularly by means of its direct and indirect action on investment.

⁽¹⁾ Means everything that is needed to ensure a smooth passage from one job to another: tiding-over allowances, resettlement, retraining.

the community institutions

To pool the coal and steel resources of the Six for the general Community benefit, institutions had to be set up which would be capable of defining the common interest and of acting on behalf of all concerned. The ECSC institutions, which were installed in Luxembourg in late 1952, subsequently served as the models for the institutions of the other two Communities, with which they now work in close co-operation. The ECSC, the Common Market and Euratom all have a similar institutional pattern, with separate Executives, independent both of the Governments and of private interests, but subject to a common parliamentary and judicial control.



Seated: President Malvestiti, between Vice-Presidents Spierenburg and Coppé. *Standing* (from left to right): Paul Finet, Pierre-Olivier Lapie, Heinz Potthoff, Albert Wehrer, Fritz Hellwig and Roger Reynaud.

THE EXECUTIVE : THE HIGH AUTHORITY

The High Authority is the Executive of the Coal and Steel Community. Its task is to achieve the Community's objectives. For this purpose it is vested with supranational powers, enjoys financial independence and represents the Community in its relations with the rest of the world. It supervises the implementation of the rules of the Coal-Steel Community, and can take disciplinary action if they are infringed.

The High Authority consists of **nine Members**, who exercise their functions in complete independence. They are appointed partly through nomination by the Governments, and partly by cooption.

Attached to the High Authority, which consults it in the preparation of its major decisions, is a **Consultative Committee** of 51 members—producers, consumers and workers.

THE COUNCIL OF MINISTERS

The Council of Ministers is a Community institution which coordinates the work of the High Authority with that of the Governments, who are responsible for their countries' economic policies. It consists of representatives of the six

Governments—usually the Ministers of Economic Affairs—who thus have a voice in the more important decisions of the High Authority. On certain major questions the Council must be consulted beforehand.



THE EUROPEAN PARLIAMENT

Following the democratic traditions of Western Europe, the High Authority, like the Common Market and Euratom Executives, is answerable to the people's representatives—the **European Parliament**.

This body's **142 members**—36 each for France, Germany and Italy, 14 each for Belgium and the Netherlands, and 6 for Luxembourg—are at present appointed from among the members of the national Parliaments. Measures have already been proposed by the Parliament to have its members elected in the future by direct universal suffrage.



The Parliament exercises control over the work of the Executives, which it can compel to resign in a body by passing a vote of censure by a two-thirds majority. It influences policy through its debates and its 13 standing committees. In addition its members, who are divided into **three political groups**, Christian Democrats, Socialists and Liberals, actively foster European integration.

THE COURT OF JUSTICE

Like all federal-type systems, the European Community must be subject to strict judicial control. Governments, firms and groups of firms, and individuals in certain cases, can call the Executive to account before a court of law. **The Court of Justice** is responsible for ensuring due respect for the legal rights of all concerned, as laid down in the ECSC's constitution—the Treaty. The Court, whose jurisdiction also extends to the Common Market and Euratom, is composed of seven Judges assisted by two Court Advocates, appointed by the Governments. It can reverse the High Authority's decisions, and order it to pay damages. Its judgments are directly enforceable throughout the six countries, in the same way as verdicts by the regular courts of those countries.



ECSC
EUROPEAN COAL AND STEEL COMMUNITY

COMMON MARKET
EUROPEAN ECONOMIC COMMUNITY

EURATOM
EUROPEAN ATOMIC ENERGY COMMUNITY

THE EXECUTIVES



**HIGH
AUTHORITY**

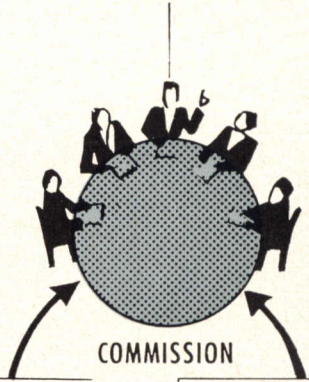
Consultative
Committee

- European Investment Bank
- Monetary Committee
- European Social Fund
- Overseas Development Fund



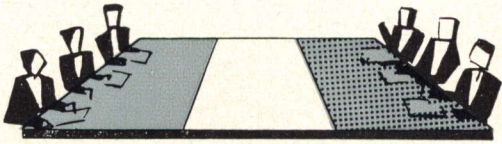
COMMISSION

Economic and
Social Committee



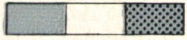
COMMISSION

- Supply Agency
- Scientific and Technical Committee
- Joint Nuclear Research Center



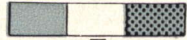
COUNCILS OF MINISTERS

DEMOCRATIC CONTROL



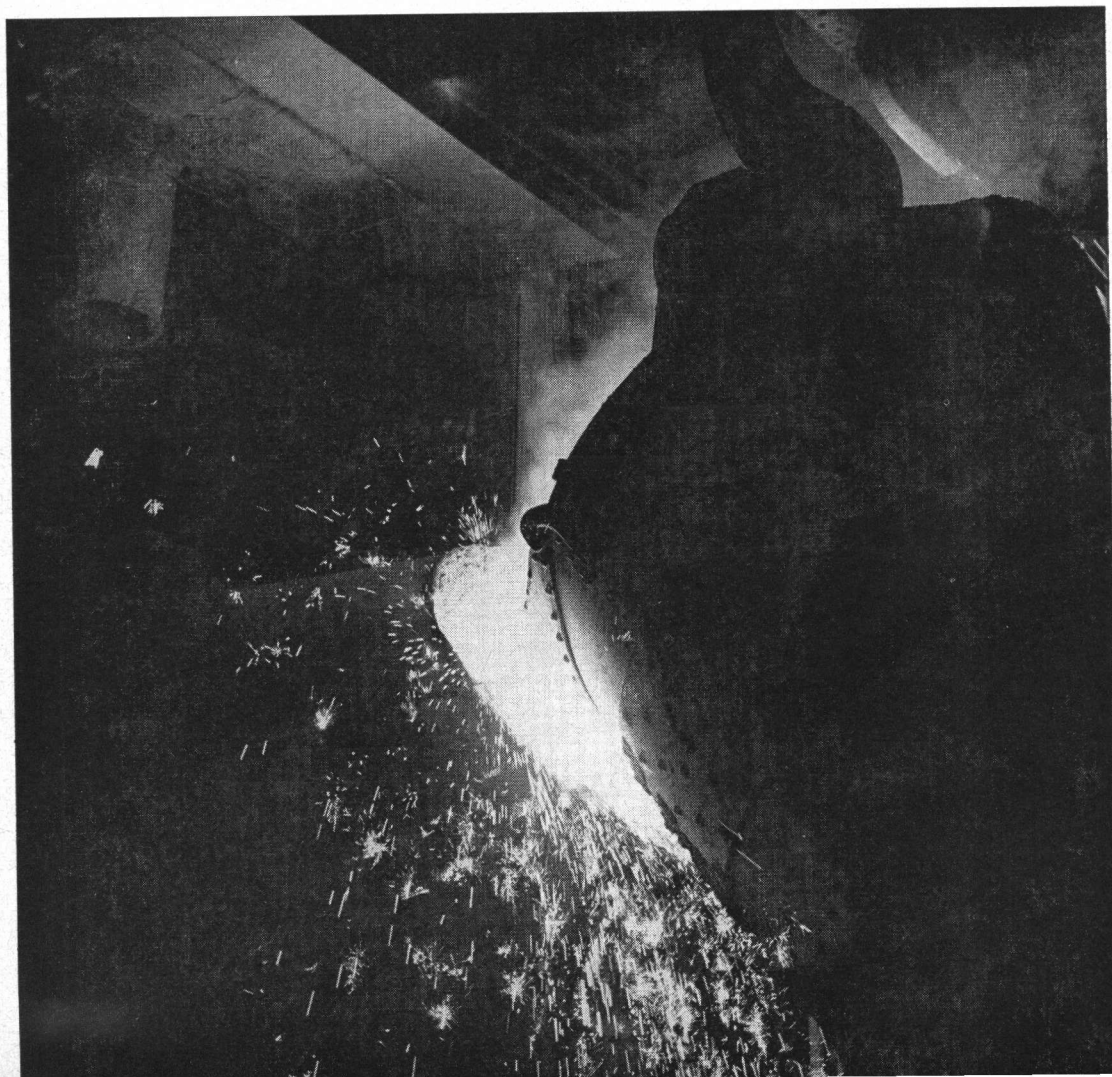
EUROPEAN PARLIAMENT

JUDICIAL CONTROL



COURT OF JUSTICE

the ECSC applies rules of fair competition



The common market was introduced on February 10, 1953, for coal, iron ore and scrap, on May 1, 1953, for steel, and on August 1, 1954, for special steels. On those dates, customs duties, quotas and currency restrictions at internal Community frontiers were abolished for these products. Since then the High Authority's main task has been to apply *the rules of the Community*.

The Community must gradually bring about the most rational distribution of coal and steel production at the highest possible level of productivity. The following means have been chosen to achieve this aim:

1. A **market economy**, with ordered, fair competition between firms, and freedom for firms

to determine their own prices, investments and operating methods;

2. **Intervention** on prices, production and imports only when it becomes necessary;
3. **Guidance of the market** by provision of the fullest information on the economic situation and outlook.

THE PRINCIPLES OF THE COMMON MARKET

The fundamental principles of the Community, with which both the Governments and the firms have to conform, are as follows:

1. Non-discrimination:

no institution of the Community or official body in any of the member States may discriminate as between producers, purchasers or consumers;

producers are forbidden to discriminate between their clients by applying unequal terms to comparable transactions within the Common Market;

transport firms are required to charge non-discriminatory rates—they must offer com-

parable terms to consumers in comparable positions.

2. **Restriction of competition between firms is banned:** all measures and practices likely to result in the sharing-out or artificial exploitation of the market are forbidden.
2. **Buyers must be able freely to choose their own suppliers:** all measures and practices hampering freedom of choice are forbidden.
4. **Community intervention** (introduction of maximum or minimum prices, quotas, etc.) in the event of an imbalance in the market.

These principles are embodied in the rules of the Community on prices, cartels and concentrations, and transport.

1 PUBLICATION OF PRICES

PRICE FREEDOM AND ALIGNMENT

In the ECSC firms are normally free to determine their own prices. The main task of the ECSC is therefore to create and supervise a "transparent" market—a market which observes the Community principles of price publicity and non-discrimination. To achieve this, the ECSC requires all firms to publish or deposit their price lists at the High Authority and to adhere to them strictly. The price schedules are a kind of catalogue providing information on firms, conditions of sale and prices.

At the same time the market requires some flexibility in the application of this rule: this is achieved through the system of price alignment. Within certain limits, a firm may charge a price lower than that listed in its schedule in order to compete with another Community firm. Firms may also bring their prices down to the lowest level offered by firms outside the Community. The High Authority can set limits to these alignment rebates if they show signs of disturbing the market.

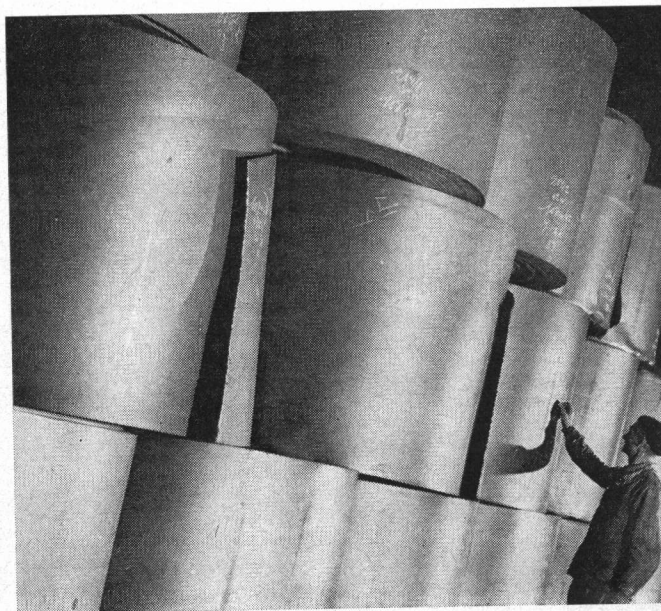
At times of market stress the ECSC can intervene to fix maximum and minimum prices and can introduce compensation schemes. The Community has in the past operated a compensation scheme for scrap imports and fixed maximum prices for coal.

ECSC enterprises are required to publish their prices and conditions of sale.

The object of this rule is threefold:

- to prevent prohibited practices;
- to enable buyers to obtain exact details of the prices charged and to help check discriminations;
- to enable firms to know exactly what prices their competitors are charging and, if they wish, to align their own prices on them.

This means that in the Community buyers obtain their supplies not from the producer who, at some particular moment, or for a particular transaction, is prepared to cut his price, but from the producer who, in general terms and over a period of time, is best placed to sell to them.



2 CONTROL OF AGREEMENTS AND CONCENTRATIONS

Competition can only operate normally provided firms do not enter into private agreements, either explicit (cartels) or implicit (concerted practices) with the aim of restricting it, and provided no group or firm is able, as a result of the control it exercises over others (concentrations), to achieve a position in which it can restrict competition.

AGREEMENTS

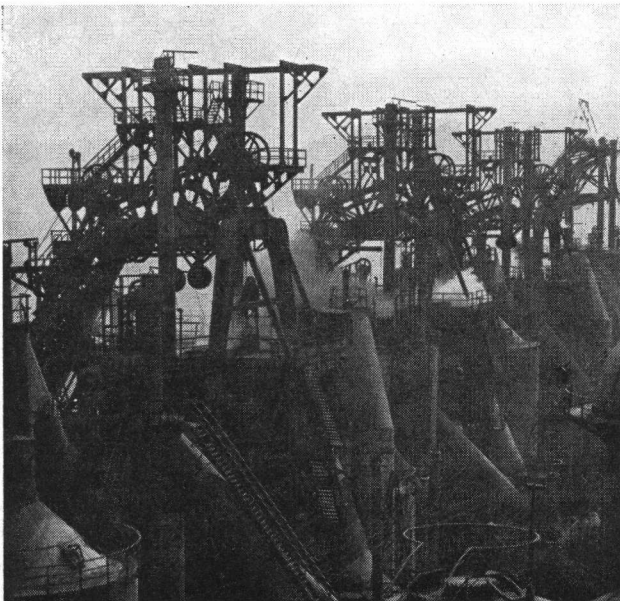
For these reasons, the ECSC Treaty prohibits producers from getting together to allocate markets, to fix prices, or to restrict production or technical progress. On the other hand, conditions in modern heavy industry, which is peculiarly sensitive to economic fluctuations, sometimes make it necessary for firms to associate with each other for particular purposes. Therefore the ECSC subjects agreements between firms to strict rules and regulations.

In principle agreements are forbidden, but the High Authority can authorize specific agreements for the purpose of specialization or of joint buying or selling, provided they will contribute to the improvement of production or distribution, will not place the firms involved in a position to control prices or production, and will not shield them from competition from other firms.

MERGERS

Production methods and the needs of the consumer may require an increase in the size of production units. In order to maintain reasonable competition, **merging of firms is subject to prior approval by the High Authority.**

This is given provided the proposed concentration will not enable the new concern to determine prices, to control production or distribution or otherwise restrict competition, and will not ultimately give it an artificially privileged position for access to supplies or markets.



3 HARMONIZATION OF TRANSPORT CONDITIONS

The smooth operation of the Common Market requires that the rules of competition on prices should not be distorted by discriminatory practices on the part of carriers. The cost of transport is a major element in coal and steel prices, and transport firms must therefore observe rules of fair competition.

AIMS

The High Authority has three main objectives to achieve in the transport sector:

1. to abolish discriminations in rates, and in particular those based on the country of origin or destination of the goods carried;
2. to introduce, for transport from one Community country to another, particularly by rail, direct international through-rates, "tapering" from the start to the end of the journey, instead of starting again at the highest applicable rate each time a frontier is crossed;
3. to harmonize transport rates and conditions of carriage for Treaty products.

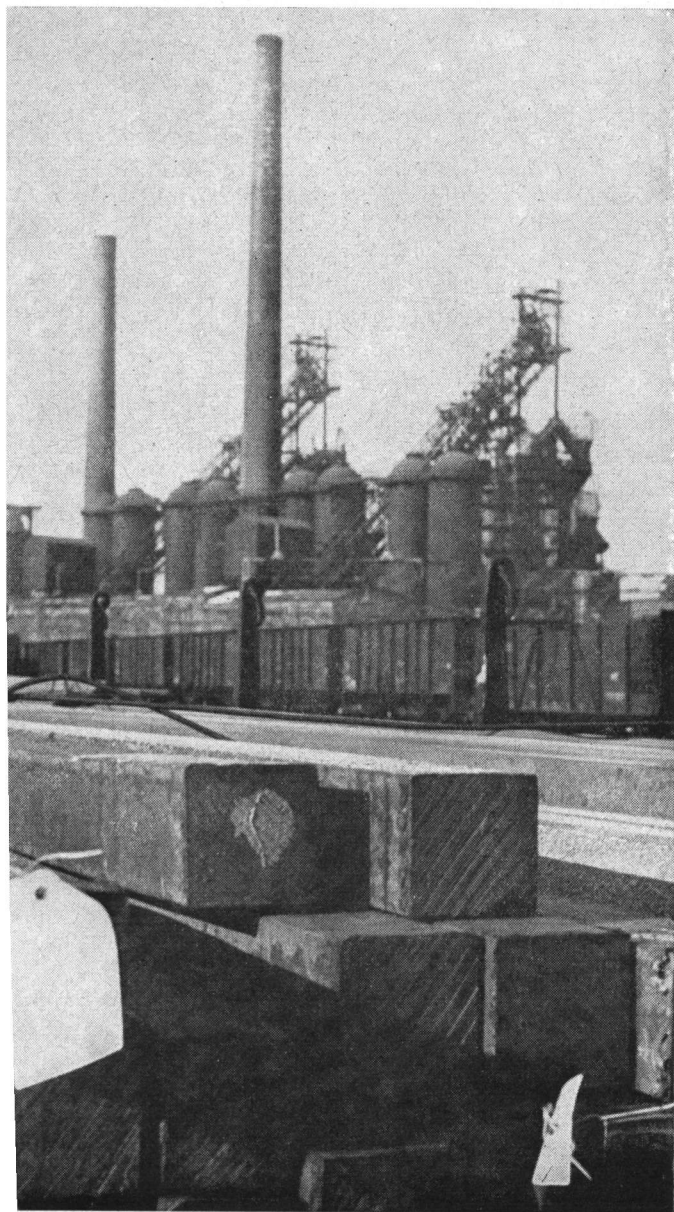
haulage, for which there are no definite rate-making arrangements in some of the member countries.

In rail transport of ECSC products, the successive steps taken to implement the principles of the Treaty have resulted in substantial rate reductions for consumers, bringing the cost of international transport within the Community into line with national transport costs.

For example, the average cost of transporting the large tonnages of coke regularly carried between the Ruhr and Lorraine, which at the beginning of 1953 represented approximately 41% of the selling price of the coke ex-colliery, now accounts for only 25 %, while for coke shipped from the Ruhr to Luxembourg the figure has gone down from 46 % to 30 %.

RESULTS

The first two objectives were quickly achieved for rail transport, where a ratemaking procedure covering most transactions already existed. Under the third head, however, many problems still await solution; this is also the case, under all three heads, for inland water transport and road



the ECSC stimulates economic development

The common market and its rules cannot by themselves bring about the economic expansion which is one of the Coal and Steel Community's essential objectives. To promote economic development, the High Authority must aid investment and hasten the general introduction of new techniques.

AIDING INVESTMENT

The High Authority has the task of guiding and facilitating investment. With this end in view:

it draws up a general survey of the economic trends in the sectors concerned and publishes this as its "General Objectives," enabling the firms to select for their capital investments the most suitable production methods, and in particular to avoid duplication;

it aids investment projects by granting loans to firms or by guaranteeing loans raised by the firms themselves.

Since it was first set up, the High Authority has provided direct and indirect assistance to investment projects by means of loans and guarantees totalling some 518 million dollars. Loans raised direct by the High Authority in various capital markets—the United States, Switzerland, Belgium, Germany, Netherlands, Luxembourg—amount to 318·9 million dollars.

The funds thus made available to firms by the High Authority may seem small in comparison with the total expenditure of the Community's industries. They do, however, represent marginal investments which have often proved decisive.

A SATISFACTORY INVESTMENT RATE

The existence of the common market in itself has also had a stimulating effect on the rate of investment.

The ECSC Treaty provided the High Authority with its own source of revenue by instituting the first European tax—the levy, assessed on the annual value of coal and steel production. At the start of the Community the rate of the levy was fixed at 0·9%, but this has been gradually

Trend of Capital Expenditure (\$ '000,000)

	Actual						Estimated
	1956	1957	1958	1959	1960	1961	1962
Steel	570	708	644	587	775	1122	1500
Coal	409	473	474	411	377	382	447
Iron-ore	44	50	41	40	43	49	64
Total	1023	1231	1159	1038	1195	1553	2011

lowered and now stands at 0.2%. The High Authority uses the product of this levy mainly for readaptation grants, for scientific and economic research projects, and for guaranteeing the loans it raises.

It is its financial policy which makes possible its activities in the fields of investment, research and readaptation.

AIDING TECHNICAL AND ECONOMIC RESEARCH

As competition in the world market becomes keener and technical advance swifter, production processes are continually being modified. This necessitates research of two kinds: basic or scientific research, disinterested and without expectation of immediate benefit; and applied research, with its direct bearing on industrial activity. The High Authority promotes both types of research in the Community industries.

Since the introduction of the Common Market it has set aside nearly 27 million dollars for technical and scientific research. Major projects include:

iron ore

- Research on the possibility of increasing iron-ore output in the Community;
- Research on improving the utilization and preparation of iron-ore;
- Prospecting for ore deposits in certain African countries.

steel

- Research into the improvement of present pig-iron production methods, and into the development of new ones;
- Research into the direct reduction of iron-ore using systems other than the blast furnace;
- Research on means of avoiding air pollution caused by steel works;
- Research on automation (total or partial) in

steel plant—notably, sintering plant and rolling mills.

coal

- Research on machines for achieving total mechanization in the mines;
- Research into the improvement of mine safety, notably by speedy detection of the danger of sudden outbursts of methane, and by developing protective equipment;
- Research on transformation processes for coal, especially in coke production (extension of the range of coking coals);
- Research into improving the efficiency of coal burning equipment, particularly domestic heating appliances, and power plant for small and medium sized works.

spreading technical knowledge

The High Authority supplies all interested parties in the Community with the results of research carried out with its help. These results are published either by the research centres themselves or by the High Authority. In so far as results of research are protected by patents, care is taken that all interested parties in the Community can obtain licences for their use.

In addition, the High Authority promotes the collection of as complete a technical and scientific documentation as possible. It subsidizes surveys and translations of international technical publications, as well as the exchange of studies,



the ECSC aids social progress

The introduction of the common market for coal and steel and the economic progress thereby made possible are not ends in themselves. A major objective of the Community is to raise living standards. Although the High Authority has no mandate to intervene directly in matters of social policy—in which the Governments, industrialists and trade unions of the individual countries have retained their freedom of action—the whole of the Community's activity is directed towards the furthering of social progress. Within its limited powers in the field of labour questions, the High Authority conducts a policy aimed at improving conditions for the workers in the coal and steel industries both inside and outside the factory, in order to ensure continuity of employment.

● Within the industries themselves, the High Authority aims at maintaining a high level of employment, by:

taking over part of the **cost of readaptation** (i. e. of tiding-over allowances and if necessary of resettling and retraining men employed by enterprises which are compelled to close down or to reorganize their operations);

promoting the **industrial redevelopment** of areas affected by the coal crisis;

aiding the **building of workers' houses**;

contributing towards the cost of **vocational training**;

enabling **workers to move freely** to take up jobs anywhere in the Community.

● In addition, the High Authority

keeps both sides of industry **better informed** by circulating studies on general employment conditions, wages, etc.;

assumes financial responsibility for a number of **technical research** projects on industrial health and safety.

1 BETTER CONDITIONS THROUGH A HIGH EMPLOYMENT LEVEL

OCCUPATIONAL TRAINING

The High Authority first of all saw that employers' and workers' associations and firms were supplied with adequate information on vocational-training problems; it published studies on the subject and organized meetings of training officers. In this way it has spread knowledge of training methods and techniques, and stimulated a spirit of emulation and inquiry which has led to a sharp increase in contacts, study tours and regular exchanges of views between countries.

By publishing relevant statistics, the High Au-

thority has also drawn the attention of the coal and steel industries to difficulties they are likely to experience in the near future in recruiting skilled workers and managerial and supervisory personnel.

Finally, the High Authority has stressed the radical changes in labour skills which must result from technical progress. It has organized study conferences on mechanization and on the occupational training of miners employed below ground and of rolling-mill operators.

READAPTATION OF REDUNDANT WORKERS

In one field, the Coal-Steel Community has brought a revolutionary change. Up to 1952, the labour legislation of the European countries provided only for the cushioning of hardship incurred by workers as a result of dismissal or unemployment. The Community introduced a new right for miners and steelworkers—the right to continuity of employment.

For workers in the ECSC industries, this means that the High Authority is ready to assume partial financial responsibility for their "readaptation," whenever a steelwork or colliery is obliged to lay off some of its labour force. The High Au-

thority's contribution, which can be made if requested by the national Government concerned, covers one-half of the expenditure involved:

- in paying unemployment or tiding-over allowances;
- in paying for whatever occupational retraining the worker may need to equip him for a new job;
- in making up wages lost during the retraining period and the first weeks or months in the new job;
- in refunding removal and resettlement expenses.

Expenditure on Readaptation

	Coal industry		Iron-ore mines		Steel industry		Total	
	No. of workers	Credits (\$'000)	No. of workers	Credits (\$'000)	No. of workers	Credits (\$'000)	No. of workers	Credits (\$'000)
Belgium	38,300	12,531			140	85	38,440	12,616
France	11,000	4,347	1,100	409	5,000	914	17,100	5,670
Germany (F.R.)	59,700	18,194	3,100	557	1,100	310	63,900	19,061
Italy	5,500	2,364			13,650	9,736	19,150	12,100
Community	114,500	37,436	4,200	966	19,890	11,045	138,590	49,447

Until September, 1962, the High Authority had made available a total of 49.5 million dollars for readaptation schemes covering some 138,600 workers.

In retraining workers, the aim is greater occupational mobility, and provision of the training, retraining and refresher facilities which this requires.

INDUSTRIAL REDEVELOPMENT SCHEMES

Readaptation can be effective only where it is possible to find new productive jobs for the men concerned. In areas where there are no other industrial activities, action must be taken to attract new industries so as to prevent the region from falling into decay. A redevelopment policy is needed.

The ECSC Treaty provides for certain means of aid in the reconversion of firms: thus the High Authority can, at the request of the Government concerned, take part in the study of ways to secure alternative employment, in existing industries or in new ones to be set up, for workers becoming redundant. It has funds at its disposal with which to aid the setting-up of new industries, by

granting loans itself or by guaranteeing other loans.

The coal crisis has made it urgently necessary to start redevelopment operations, as major industrial areas whose whole existence was based on coal are now faced with large-scale pit closures. An intergovernmental conference convened by the High Authority in September 1960, in association with representatives of the Common Market, set out the means of action now available and pinpointed new possibilities for industrial redevelopment. Since the conference the High Authority has decided to give its aid to redevelopment programs in Belgium and France in the form of loans or guarantees to a total value of \$7.4 million.

FREEDOM OF MOVEMENT FOR WORKERS

Under the ECSC Treaty, the Community countries are obliged to remove all restrictions based on nationality on the employment of skilled workers from any of the six countries in their coal and steel industries. Since September 7, 1957, **skilled colliery and steel workers have been able to take up jobs anywhere in the Community.**

At the High Authority's prompting the six Governments have also signed a convention on **social security for migrant workers**. This greatly improves the position of migrant workers regarding retirement and disability pensions, family allowances and sickness and unemployment benefits.

WORKERS' HOUSES

The High Authority is using part of its funds as low-interest loans to assist the building of houses for miners and steelworkers.

Its object is to help make good the shortage, in some cases of long standing, of suitable homes within easy reach of the men's work; in doing so it also contributes to the economic expansion of the areas concerned.

Regional committees, grouping employers, workers and local authorities, take the decisions on allocation of funds, the development companies to be employed, the location of the houses, the management of the housing estates, and the families who will occupy the houses when built.

Up to September 1, 1962, the High Authority had contributed a total of 154 million dollars in direct grants, loans and funds raised, enabling work to go ahead on 75,500 houses and flats, of which 45,500 had been completed.

By making it easier for workers to live close to their place of employment, the High Authority has raised productivity by eliminating the ill-effects on the men's health and home life of their frequently long, uncomfortable and tiring journeys to and from work.



2 BETTER WORKING AND LIVING CONDITIONS

TOWARDS BETTER HEALTH, GREATER SAFETY—

The improvement of actual working conditions in the coal and steel industries is a constant concern of the High Authority. The latter is helping to finance a series of scientific research projects on industrial health and safety, and is also organizing effective co-operation among the research centres in the different countries. The main studies under way involve human factors in safety, and occupational diseases. Some projects deal with little recognized dangers to health such as

noise, high temperatures, and carbon-monoxide poisoning. Sums allotted by the High Authority for research on health and safety total 8 million dollars.

A Mines Safety Commission, set up following the pit disaster at Marcinelle, Belgium, in 1956, works to see that the safety regulations in Community coalmines are kept fully up to date and in line with the latest technical advances.

—AND MORE INFORMATION

The Community indirectly helps to improve conditions for the workers by publishing numerous reports and studies designed to keep all concerned, and particularly the trade unions, informed of progress in the different parts of the Community and of possibilities of spreading this progress elsewhere.

Among reports of this kind, the High Authority has published surveys on employment, on wages and purchasing power, on terms of employment and social security, and on housing in co-operation with the government departments responsible and with representatives of the workers and employers. It has published material indicating social advances achieved to date in each of the Community countries.

Through special enquiries and regular consulta-

tions with high officials responsible for employment questions, the High Authority is also able to form a picture of any potential threat to the workers' earnings.

This work in gathering and publishing information enables the workers' representatives to come to labour-management negotiations with a better knowledge of economic and social conditions in their firms and their industries. Greater familiarity with the situation in the Community has already brought a gradual levelling upwards in standards.

This practical approach to the harmonizing of working conditions and terms of employment is achieving good progress while at the same time causing a minimum of disturbance in industrial relations.

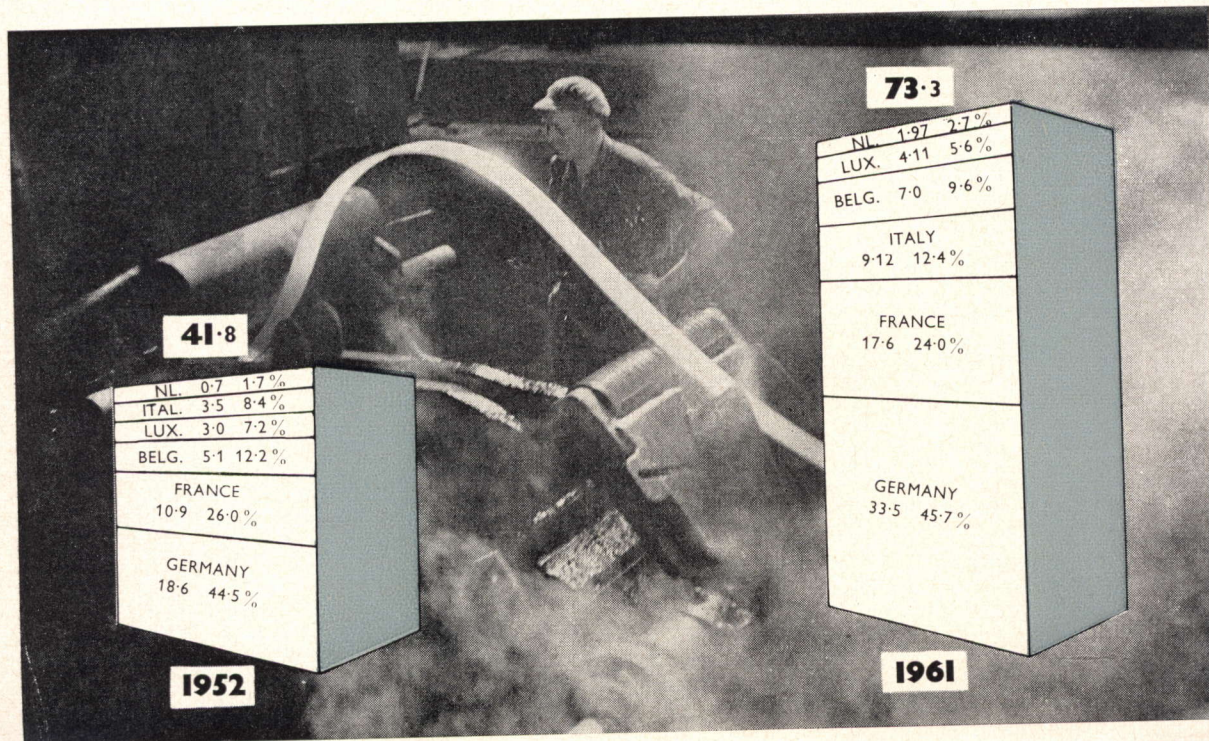
expansion in steel

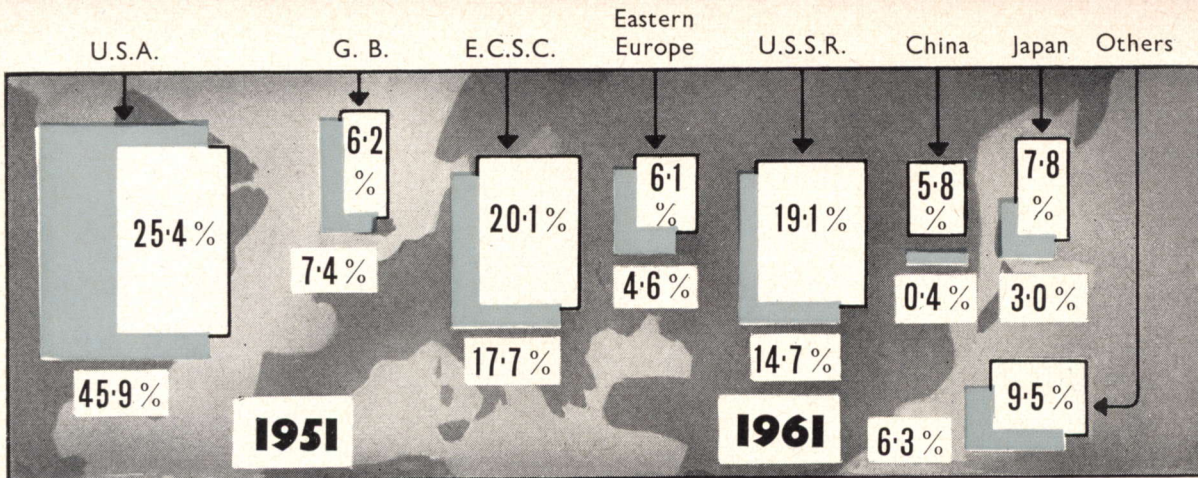
Since the Coal-Steel Community was set up, steel production in the Community has increased faster than steel production in the world as a whole. Prices have remained steady. A regular flow of raw-material supplies to the Community's steel industry has been assured.

RECORD PRODUCTION

In a world where steel requirements are continuously growing, the ECSC has enabled the Community countries to meet the rapidly mounting demand as industry has expanded: from 1952 to 1961, steel production rose from 41.8 million metric tons to 73.3 million—an increase of more than 75%.

Steel production (millions of metric tons)





Share in World Steel Production 1951-1961

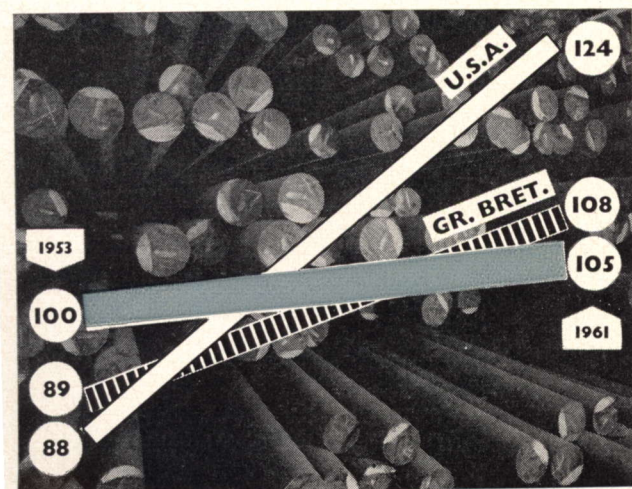
ECSC's SHARE IN WORLD STEEL PRODUCTION HAS RISEN

Community steel production rose by 94 % between 1951 and 1961 ⁽¹⁾, while world steel output rose by only 72 %, from 211 to 363 million tons. The share of the six countries in the total, which had been falling steadily since 1929, began to rise once more with the establishment of the ECSC.

This has been a particularly striking development, since world production has itself been expanding spectacularly, and the rapidly expanding share of the new producing countries might normally be expected to reduce the share of the older producing areas.

⁽¹⁾ 1951 is taken as the reference year because the figures for 1952 are distorted by the effects of the American steel strike of that year.

Movement of average internal prices for finished steel products (indices) Community



STABLE PRICES

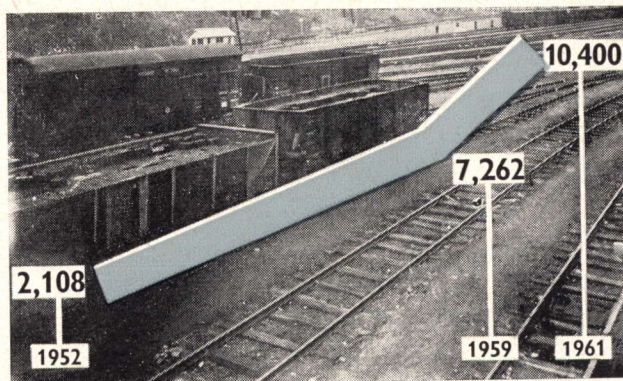
The improved supply conditions resulting from the existence of the common market and its rules of operation have helped to keep prices stable despite the constantly increasing demand for iron and steel products.

Though prices have risen at times, they have not risen to anything like the same extent as they used to at times of strong demand.

A comparison of price trends in Great Britain, the United States and the ECSC since the start of the Community shows the latter's prices have risen least of the three, after having been higher at the outset.

GROWING INTERNAL TRADE

The effectiveness of the common market for steel is clearly apparent from the soaring figures for trade in steel products among the Six, which has increased fourfold following the removal of trade barriers.



Intra-Community Trade ('000 metric tons)

ECSC MEANS REGULAR SUPPLIES FOR INDUSTRY

The unprecedented expansion in steel production has been aided by a more regular flow of raw materials—coke, iron ore and scrap—to the industry, largely as a result of the common market. The latter has made possible increased trade in iron ore, a joint scrap-import policy, lower transport rates in the Community countries, and a more equitable distribution of coal during the periods of shortage.

COKE—no longer a problem

With large tonnages of coal on the market, supplies of metallurgical coke are assured, though demand is increasing. Conversion into metallurgical coke continues to provide a reliable sales outlet for coal; the reduction of the amount of coke needed per ton of steel produced tends however to offset the effects of the increase in pig-iron and steel production.

IRON ORE—steady supplies

No difficulty has been experienced in keeping the iron and steel industry supplied with iron ore.

On the contrary, by stimulating trade in ore among the Six—it has trebled since 1952—the Community has turned available resources to better account. Iron ore output rose from 65.2 million tons in 1952 to 95.9 million in 1961.

In addition to Community-mined ore, the industry used some 35 million tons from non-Community countries: these imports have also trebled since the introduction of the common market.

SCRAP—a balanced market

The Community scrap market, which suffered from a serious supply deficit when the common market was first introduced, has since shown considerable improvement. It was shielded from over-violent fluctuations between 1953 and 1958 by scrap-price compensation schemes instituted by the High Authority. A bonus scheme introduced by the Community also encouraged firms to consume iron ore instead of scrap in the blast furnaces.

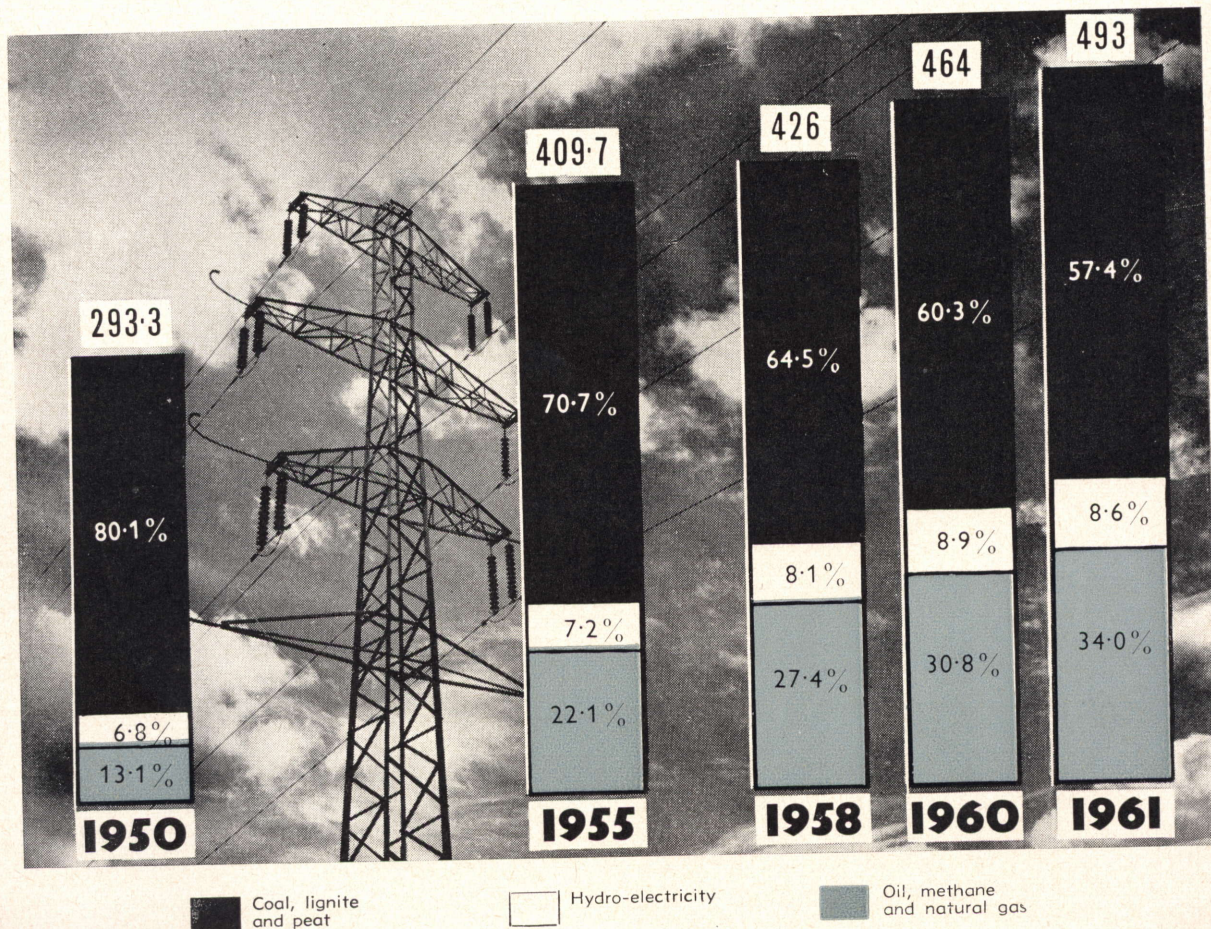
The Community scrap market is now a reality: it is in satisfactory balance, and a genuine interpenetration has occurred between the individual national markets.



ECSC's problem no.1: coal faces the other forms of energy

The biggest problem faced by the Coal and Steel Community is the increasing competition coal is now meeting from other sources of energy, particularly from oil.

SHARES OF THE DIFFERENT SOURCES OF ENERGY IN THE TOTAL ENERGY SUPPLY OF THE SIX
(millions of metric tons)



THE FALL IN COAL CONSUMPTION

While the coal market presented no major problems in the early years of the ECSC—production was not sufficient, but imports were always forthcoming to close the gap—the position was suddenly reversed early in 1958. The changes which had been gradually taking place in the pattern of energy consumption became glaringly apparent with the slackening in economic activity which then occurred.

Crisis struck the coal industry. Coal piled up at the pitheads. All the producing countries were affected; the “marginal” pits in Belgium were hardest hit of all.

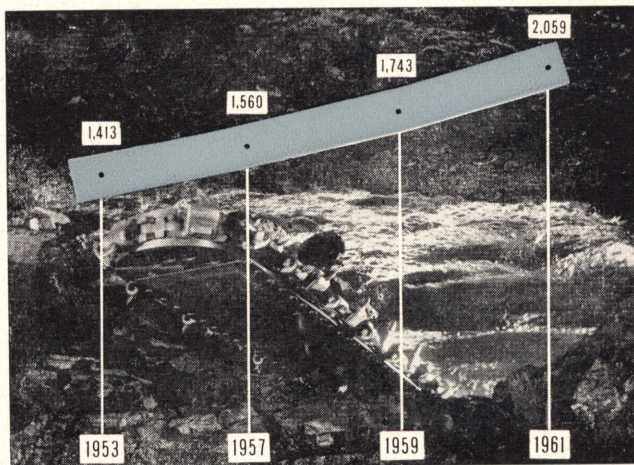
Economic expansion in 1960 and 1961 did not prevent a slight decline in coal consumption, while oil consumption continued to rise.

WHY IS LESS COAL BEING USED SINCE 1958 ?

- ☛ Because energy consumption, and coal consumption particularly, is expanding less rapidly than industrial production.
- ☛ Because for several years in succession a considerably greater proportion of electric current has been generated from water power.
- ☛ Because more efficient coal-utilization methods are enabling larger amounts of energy to be produced from the same amounts of coal.
- ☛ Because heating requirements have been lower than usual owing to a series of exceptionally mild winters.
- ☛ And, most of all, **because other fuels, especially oil, have been winning a greater share of the market, displacing coal to some extent in existing plant, and securing the lion's share of the new openings created by economic expansion.**

PRODUCTIVITY UP

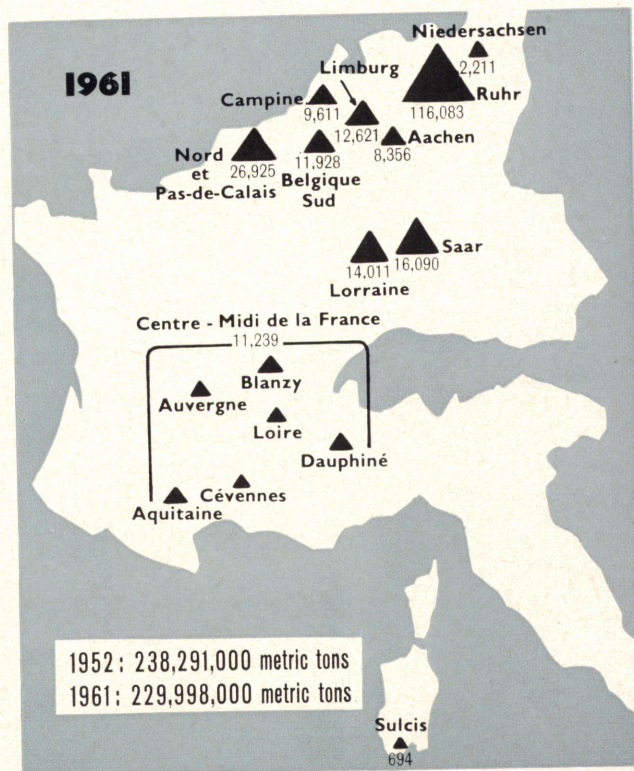
Underground output per man-shift has risen substantially in the last few years, partly owing to modernization in the mines, and partly because of the effects of the coal crisis (e.g. the fall in absenteeism).



Productivity (kilograms per man-shift)

PRODUCTION DECLINES

Decline in production has accompanied reorganization of the Community coalfields. Short time, which was widespread in the years 1958 to 1960 (in 1959 it represented the equivalent of 12.3 million tons of coal forfeited), fell to the equivalent of 1.2 million tons in 1961. In the first six months of 1962, it was equivalent to only 120,000 tons.

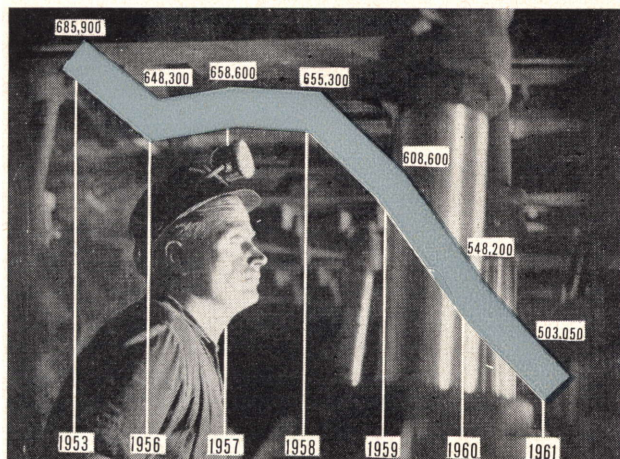


Ruhr	+ 1.5	Limburg (Neth.)	+ 0.7
Saar	=	Campine (Belg.)	- 1.0
Nord et Pas-de-Calais	- 8.4	Aachen	+ 29.8
Belgique Sud	- 42.3	Niedersachsen	- 8.7
Lorraine	+ 14.0	Centre-Midi (1)	- 14.6
		Sulcis (Italy)	- 31.2

(1) Loire, Cévennes, Blanzay, Aquitaine, Auvergne and Dauphiné.

Trend 1952-1961 (in %)

Coal production 1952-1961 ('000 metric tons)



Numbers of miners employed below ground

MANPOWER DOWN

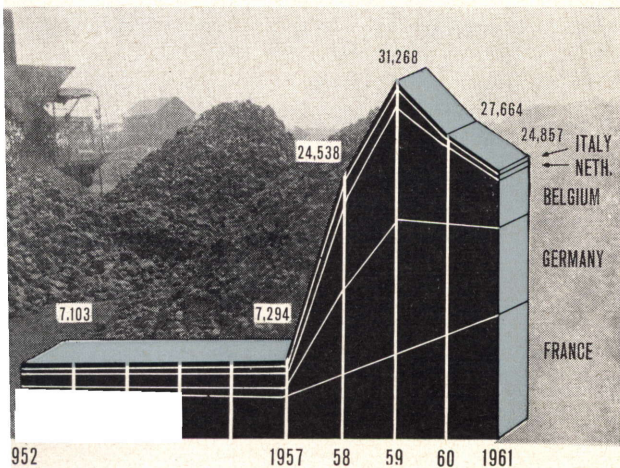
The number of men employed below ground in Community pits declined sharply in 1958, and still more so in 1959, again as a result of the coal crisis.

Importing country	1952	1957	1959	1960	1961
Belgium	1,173	2,820	1,437	934	831
France	5,361	9,701	2,178	1,882	2,363
Germany (F.R.)	7,897	17,234	5,956	5,461	5,601
Italy	5,007	8,805	6,336	6,166	6,740
Luxembourg	67	15	-	-	-
Netherlands	2,707	5,384	3,336	3,304	3,134
Community	22,212	43,959	19,243	17,747	18,669

IMPORTS CUT

Within the ECSC each country retains in principle, subject to High Authority intervention, the right to regulate its imports from third countries, within the limits of its international commitments to OECD and GATT. Some member Governments have acted to restrict coal imports, at the suggestion of and in agreement with the ECSC, which has sought to harmonize the various measures. The German authorities imposed a duty of 20 marks a ton on coal entering the country in excess of a duty-free quota of 5 million tons in 1959 and 1960, and of 6 million tons in 1961 and 1962; while in Belgium imports were limited to 600,000 tons in 1960, 620,000 tons in 1961 and 640,000 tons in 1962.

Imports of coal from third countries ('000 metric tons)



SHARP RISE IN STOCKS

Pithead stocks rose rapidly in 1958 and again, though by a smaller amount, in 1959. They have been declining steadily, however, since 1960, but the level is still high—18.6 million tons on August 31, 1962.

Total stocks of coal at end of the year ('000 metric tons)

Early in 1958 the Coal and Steel Community took steps to meet the difficulties which were developing in the coal market. Since then, it has been working to restore the situation in the Community as a whole, and has taken special steps to cope with the effects of the crisis in Belgium, which was particularly hard hit.

The High Authority first tried indirect methods, as laid down by the Treaty. It sought to regularize coal sales, to prevent excessive running-down of stocks by the big consumers, and to further full-time working by helping to finance stocks. Some countries were induced to buy larger tonnages of Community coal in place of imports.

In May 1959, the High Authority submitted to the Council of Ministers an overall plan proposing

direct intervention to deal with the crisis. This failed to secure majority approval, however; some Governments took a more optimistic view of the situation than the High Authority, while others felt that internal action within their countries would suffice. At the same time, the Council agreed that **special measures** should be taken **at Community level** to aid the hardest-hit country, Belgium.

ACTION FOR THE BELGIAN COLLIERIES

The difficulties first became acute in Belgium, where productivity is low, particularly in the southern coalfields. The financial assistance paid to the Belgian industry from 1953 to 1958 under a compensation scheme had not succeeded in reorganizing Belgian coal to enable it to compete without support in the Community.

The following measures have since been adopted and are now being carried out:

a) Closure of the most uneconomic pits:

Closures were begun in 1959 under a schedule affecting a total yearly output capacity of 9.5 million tons. In 1961 nearly 7 million tons of capacity were closed under this program which will be completed by 1963. **This will mean a cut of nearly one-third in Belgian coalmining capacity.**

b) Prices and subsidies:

The Community has authorized the payment of subsidies to Belgian mines on a descending scale to enable them to bring their prices more into line with the rest of the Community.

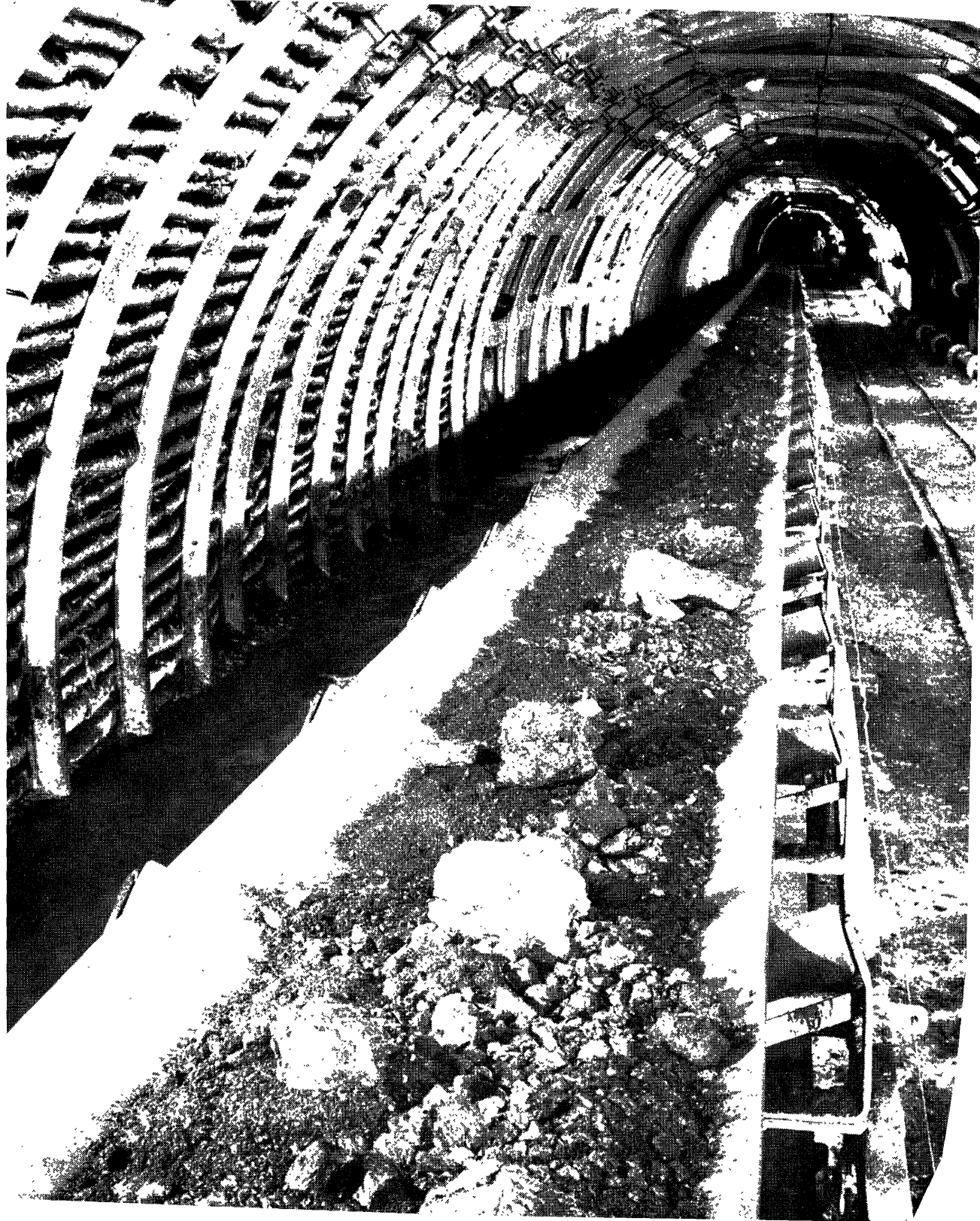
c) Additional safeguards and assistance:

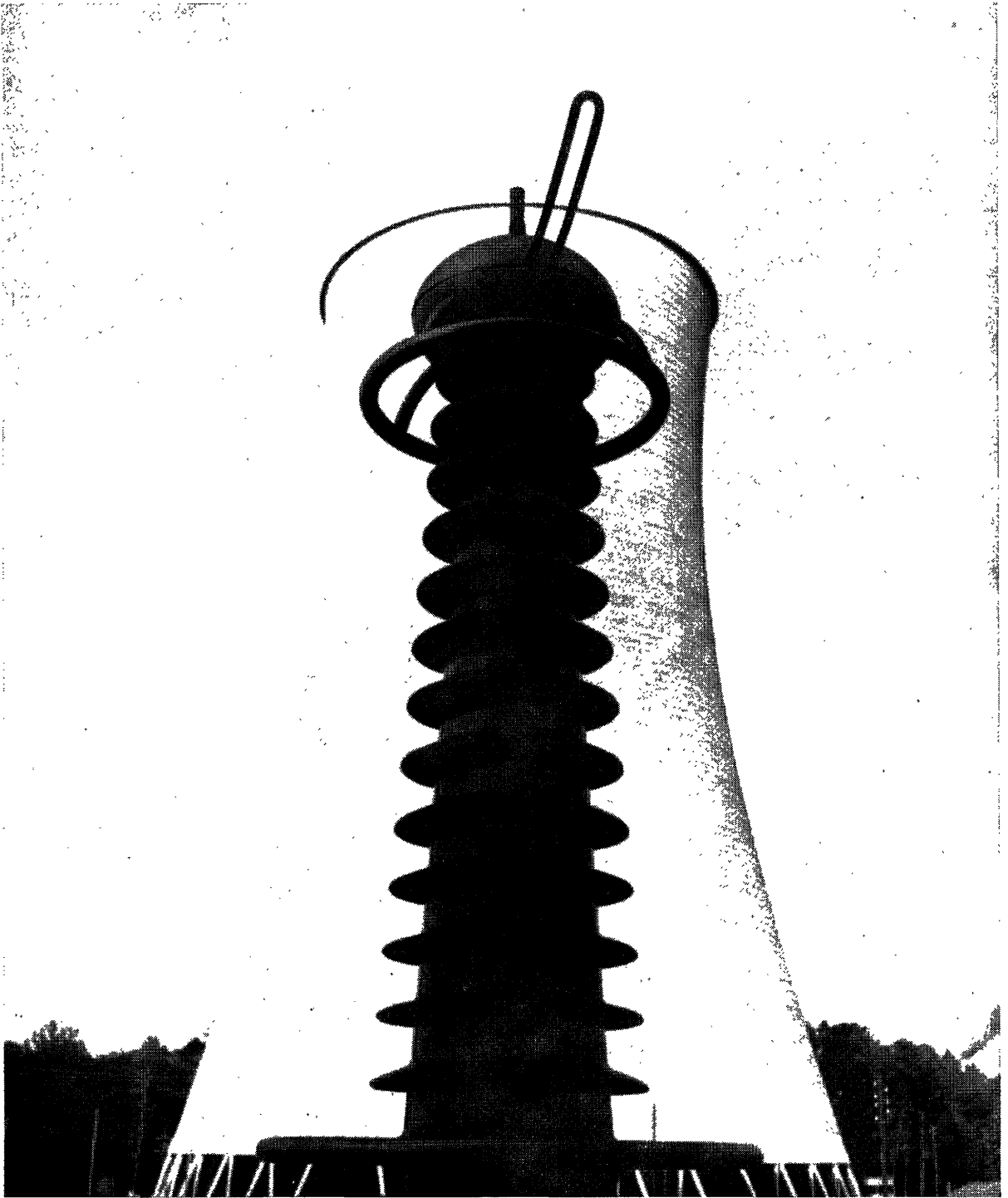
The position deteriorated so sharply in Belgium

in 1959 that the speeding-up of reorganization, though more necessary than ever, ran into economic and social obstacles which were judged insurmountable. The High Authority was faced with a situation which could have led to what the Treaty terms "fundamental and persistent disturbances" in the Belgian economy. In these conditions, when the High Authority moved to supplement the original reorganization arrangements, it also placed temporary restrictions on trade in coal between Belgium and the other Community countries, and temporarily limited imports from non-Community countries. The main aim of this Community action was to enable the reorganization of the Belgian coal industry to go ahead in orderly fashion.

d) Other measures

The ECSC has also sought to combat the crisis by commercial policy measures, by a special ECSC allowance, amounting to 20% of the daily wage, for miners on short time in Belgium, and by its grants for readaptation.





TOWARDS A COMMON MARKET FOR ENERGY

As a part of the move towards a full Common Market, and in order to help solve the coal problem effectively, the High Authority is preparing, in co-operation with the Common Market and Euratom Commissions, the basis of a common market for energy in the six Community countries.

The High Authority has always believed that the coal industry must be considered in the context of the energy market as a whole. Towards the end of 1957, the six Governments asked the High

Authority to submit to the ECSC Council of Ministers, in agreement with the Common Market and Euratom, concrete proposals for a co-ordinated energy policy.

WHY A CO-ORDINATED ENERGY POLICY IS NEEDED

For many years each type of fuel had its own specific market in which competition from other fuels was unknown; today, however, **technical progress in the transport of energy, and in its utilization, have made it possible for more and more types of fuel to meet the same requirement.**

The increase in the number of uses to which

energy can be put, and in means of transporting it coincided with worldwide discoveries of important new oil and natural gas deposits. These sources of energy, whose importance is rapidly increasing, play a significant part in the industrialization of areas formerly without their own energy supplies, in which they can be sold more cheaply than coal.

FOR THESE REASONS:

- Technical progress has meant that in 1962 for the first time since the industrial revolution coal provided less than half of all the energy used in the Community. Oil products and natural gas meet about 35 % of the Community's needs. In addition because of its lower prices Europe's dependence on imported energy is rapidly increasing. In 1962 imported energy (coal and oil) covered nearly 40 % of Europe's internal needs.
- Excessively rapid gains by the sources of energy now competing with the Community's coal could cause serious dislocation: in 1961 less coal was sold than in previous years, although total fuel sales rose by 17 %. The decline in coal sales endangers the livelihood

of a large number of miners; it also threatens an industry whose total investment amounts to nearly 1,400 million dollars.

- Faced by this situation, Community Governments are strongly tempted to adopt widely divergent measures against imported energy, each hoping to settle on its own problems of energy supply.

BUT ABOVE ALL:

Energy is a raw material of all industrial products. In a common market which provides for free movement of goods, capital and persons, it would be unthinkable that the conditions of production—and consequently the level of cost prices—should be distorted by divergent policies on energy. There can be no real common market without a common energy policy.

THE COMMUNITY EXECUTIVES' PROPOSALS

1. OBJECTIVES

The proposals submitted to the ECSC Council of Ministers in July 1962 are intended to promote an open market for all forms of energy by 1971.

These proposals are based on the following principles:

1. An effective common market for energy should be created;
2. This market must be an open market;
3. The long-term trend must be towards low-priced energy, while avoiding social dislocation in the coal industry and providing reasonable security in supply;
4. To put these principles into practice, special measures must be taken, going beyond the existing European Treaties if necessary.

2. ACTION IN THREE STAGES

The proposals then set out an oil policy and a coal policy aimed at putting these principles into practice in three stages.

Preparatory Stage

This period would begin as soon as the Governments agree on the principles of an open energy market without quantitative restrictions or a significant degree of protection, and on the kind and the maximum level of aid to be given to Community energy production after 1970.

The preparatory period would end as soon as agreements have been put into force on the following:

- the methods of support for the Community's energy production;
- the special measures required;
- the details of the time-table.

Transition Stage

The transition period would follow on the preparatory period. It would see the gradual transformation of present protectionist national markets into an open Community system.

Oil

- At the beginning of the transition stage the Community would lay down a common external tariff for oil imports, and agree on the rules for price publicity.
- Two years later import quotas for crude oil would be abolished and the first step taken towards harmonization of the six countries' taxes on oil consumption.

Coal

- The Community would aid and guide the Community's coal industry. It would fix the maximum level of subsidies permitted in 1970, and assist the industry through readaptation schemes for workers, industrial redevelopment projects, and compensation to firms when mines were closed down.
- The protection now given to the Community's coal industry would gradually decrease, and be replaced by subsidies, first on a national basis, and later on a Community basis. By the end of the transition period Community subsidies would be the sole aid given to Community coal production.

The Final Stage would begin in 1970 and would bring about:

For oil

- the complete opening of the Community market to international trade in oil;
- free movement of all oil products within the common market;
- complete harmonization of all taxes on fuel-oil consumption;
- the introduction of common rules on stockpiling, price publicity and competition.

For coal

- a common market open to the rest of the world and without significant tariff or quota protection;
- the free movement of coal within the common market;
- a system of Community aids to internal coal production;
- the introduction of fair rules of competition between coal and oil.

an open community

The ECSC was never intended to be, or to become, a self-sufficient unit. It remains open to any European country which wishes to join it, and it has steadily extended its relations with the countries which do not belong to it. Some months after their applications for admission to the Common Market, Great Britain and Denmark made similar applications to the ECSC (February and March 1962).

- **Official diplomatic relations** have been established with a number of countries: among the more spectacular occasions have been the installation of British and American delegations in Luxembourg and of a High Authority delegation to the British Government in London.
- Under an **Agreement of Association concluded with Great Britain**, a Council of Association has been set up, consisting of British Ministers and Members of the High Authority, which meets several times a year to study matters of interest to both sides. It was in the framework of Association that a steel tariff agreement was concluded between Britain and the Community in 1957.
- An **agreement for mutual consultation** on matters of common interest has been signed **with Switzerland**; agreements covering the use of direct international through-rates for transit consignments of Community coal and steel by rail, have been signed with Switzerland and Austria.
- **The High Authority maintains official relations with international organizations**, including the Council of Europe, OECD, GATT, the United Nations and others. Initially, negotiations had to be conducted with GATT and OECD in order to obtain sanction for the waivers needed to enable the Six to remain members of these two bodies and at the same time fulfil their new commitments under the ECSC Treaty; negotiations were also needed for the introduction of a harmonized external tariff for steel based on the lowest duties in force in the Community.
- The High Authority has aimed at the utmost flexibility in order to improve its co-operation with third countries and international organizations. Since the establishment of the two new Communities external relations are closely coordinated by an **Inter-Executive Working Party** in order to maintain a united viewpoint in European integration.

Countries with which the High Authority has diplomatic relations:

AUSTRIA, CANADA, DENMARK, GREAT BRITAIN, GREECE, ISRAEL, IVORY COAST, JAPAN, NORWAY, PORTUGAL, SPAIN, SWEDEN, SWITZERLAND, USA

Major achievements of the ECSC—first bulwark of the future United States of Europe:

by abolishing trade barriers, the Community has brought about substantial improvements in the distribution of coal and steel, with corresponding benefits to the people of the Community.

the geographical extent of the Community, with its 170 million consumers, has enabled its industry to adapt itself better to modern production conditions and to cushion more effectively the impact of economic and technical progress.

the Coal-Steel Community has introduced and operated efficiently a flexible and dynamic system of co-operation between the Community authorities responsible for the general interest and the representatives of the various economic and social bodies of the member countries.

the efficient operation of the Coal-Steel Community has shown that supranational powers are essential for the establishment of a real European common market.

PHOTOGRAPHY:

Son et lumière, Jolin, Lacheroy, Doumic.
Theo Mey, Charbonnages de France, Yan Craven.



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Political Unity in Europe

“Community Topics”

1. The Common Market 1960-1961
2. Economic Integration and Political Unity in Europe, by Walter Hallstein
3. Guide to the Study of the European Communities
4. The Common Market and the Law
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