



Bulletin from the
EUROPEAN
COMMUNITY
for coal and steel

INFORMATION SERVICE • HIGH AUTHORITY • LUXEMBOURG

Europe's First two Years

- THE RECORD -

"The Schuman Plan is opening up a new era". That is how a prominent French steel industrialist saw the establishment of the European Coal and Steel Community in 1952. But a European common market can, no more than Rome, be built in a day. After "Two Years of the Schuman Plan" the Economist's verdict was: "In many ways the unique achievement of the High Authority in the last two years has been its ability to keep its head in the clouds but its feet very squarely on the ground ... The two year record is a good one but it is a record of careful groundwork and surefootedness rather than of spectacular achievement. If at times the High Authority has moved slowly, it has moved surely".

How far has the High Authority's "slow but sure" progress in "opening up a new era" begun to change the structure of Europe?

Breaches in the Frontiers

Perhaps the most important change has been the most intangible: the breaches made in national dividing lines. Working in a context created by supranational institutions which have not only a power to act but a responsibility, of which they are constantly reminded, to act for the Community as a whole, various interests which previously acted nationally are now joining up across frontiers. Examples:

POLITICAL PARTIES

The three main, non-Communist parties in Western Europe have created party groups and secretariats within the Common Assembly (of 78 members elected by and from national Par-

liaments) which can oust the High Authority on a vote of no-confidence: a Christian Democrat group (36 members); Socialist (23 members); and a Liberal group (11 members). The Belgian Liberal leader, Roger Motz, told the Liberal International in Knokke, Belgium, in September:

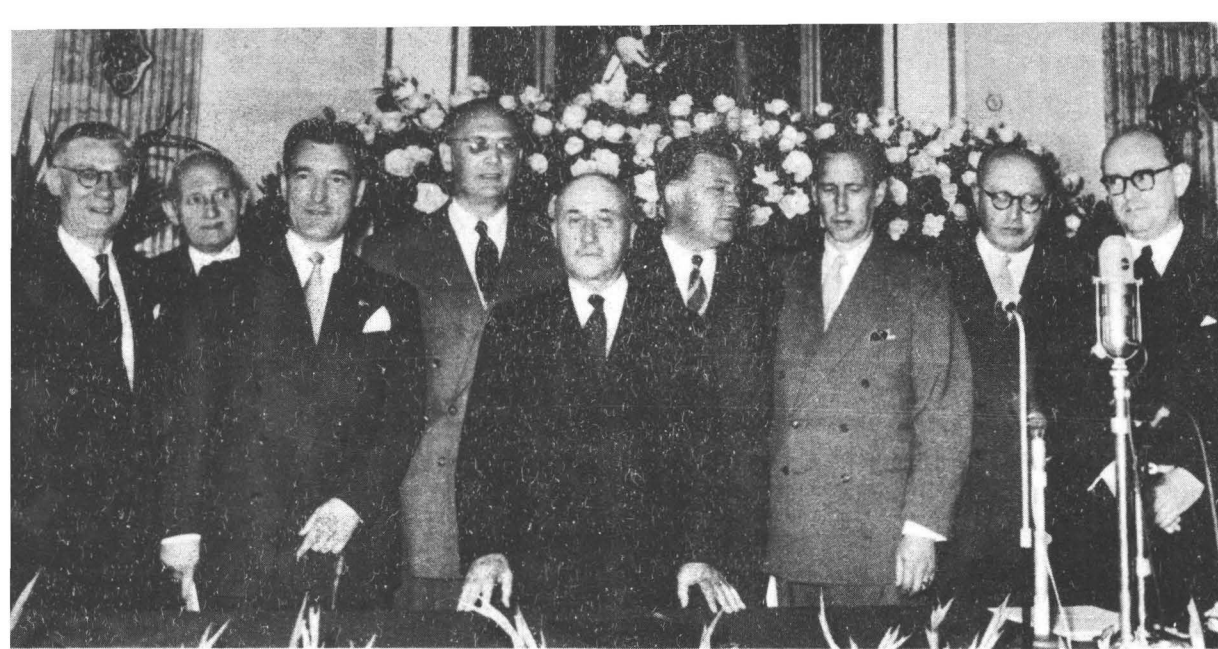
"one of the consequences of these contacts in the Assembly has been that members have gradually lost the habit of voting systematically in national groups and that at the present time votes are cast in most cases according to party affiliations."

TRADES UNIONS

The miners, metalworkers and central bureaux of the Trades Unions in the six member countries and the Saar which are affiliated to the I.C.F.T.U. last year set up a "Committee of 21" which coordinates their policy in the Community. A small research centre is attached to it. The smaller Confederation of Christian Trades Unions is creating a Community Federation with its headquarters also in Luxembourg. (An interview with Heinrich Straeter, President of the "Committee of 21" and a member of the executive of the German Metalworkers Union is printed on page 4).

ECONOMIC GROUPS

One instance must suffice: coal retailers in Belgium, France, Germany, Italy, Luxembourg and the Saar have formed a single association. Its object is to get two representatives elected



**THE MEMBERS
OF THE
HIGH AUTHORITY**

(left to right)

- Paul Finet**
- Leon Daum**
- Enzo Giacchero**
- Franz Etzel.**
vice president
- Jean Monnet,**
president
- Albert Coppe,**
vice president
- Dirk P. Spierenburg**
- Albert Wehrer**
- Heinz Potthoff.**

to the Consultative Committee which advises the High Authority on policy. At present only one Dutch coal retailer sits on the Committee to voice the views of the 80,000 coal retailers of the Community. The forming of this association shows the value placed by economic interests in participating in the purely advisory Consultative Committee where, in equal numbers, sit producers, trades unionists and consumers-and-dealers.

The basic reason for these and other developments in the same direction is that all those who work with the Community, whether friendly or reserved, are now convinced that it is practical and effective. So much so, that on September 17th, Jean Rey, Belgium's Economic Minister, speaking personally, suggested at a Benelux meeting that the setting up of a supranational High Authority would greatly help to solve the problems of unity within Benelux. Jan Zijlstra, the Dutch Economic Minister, in reply, said he agreed and welcomed the idea.

Results of the Common Market

Now that the common market for special steels has been opened (on August 1, 1954) a common market exists for all the products within the Community's sphere: coal, iron ore, scrap, steel and special steels. All the obstacles to trade in these products have been ended along the 1700 miles of frontier in the six-nation area of Belgium, France, Germany, Italy, Luxembourg and the Netherlands. Within the single market thus made possible, subsidies and rebates are

being steadily whittled away. In Germany, for instance, £ 20 millions worth a year of rebates made by the coal mines to consumers such as the railways and shipping companies have been abolished, about 10% only remaining for needy domestic consumers. The French Treasury's subsidies on imported coals and the production of patent fuels have dropped from £ 16 millions a year at the end of 1952 to half that today.

The Result is that, despite many anomalies that still persist, the movement of coal and steel within the Community is gradually beginning to conform to the natural laws of the market. The increase in across-frontier trade figures within the common market shows this:

Coal:	July	1952	1,350,000 tons
	July	1953	1,750,000 tons
	July	1954	2,000,000 tons

Steel exchanges rose by over 30% in the same period. France which imported virtually no steel before the common market is buying more and more - at present at the rate of near on 40,000 tons a month (enough steel to make half of Britain's monthly output of cars). Germany, on the other hand, ordered 130,000 tons from France and the Saar in July - more than they delivered to Germany during six months in 1952.

Increasing trade means increasing competition. Competition, or the prospect of competition, has already led some industrialists to speed up important changes in their methods of operation, such as new concentrations and specialisation of steel enterprises in France and Belgium and the reorganisation of production in high cost mines in the same countries. In France today,

four mergers, three of which are due to, or have been hastened by, the coming of the common market, now control 55% of France's 12 million tons of steel capacity.¹⁾

The common market has been set up with a minimum of disturbance. Coal prices have remained stable under ceilings fixed by the High Authority. Supplies were short in 1953, but eased steadily till now, in 1954, there are considerable stocks at the pitheads - about 15 million tons. (Much of this coal is low-grade and difficult to sell). General industrial production is rising, so this development seems due less to market variations than to the longterm tendency of fuel oil, hydroelectric power and natural gas to replace coal as sources of power.

The steel market, after a slight recession in 1953, picked up again in 1954. The July rate of production of over 45 million tons a year was a Community record.²⁾

Despite high demand, prices have on the whole kept at a slightly lower level than immediately before the common market.

European Policies

By the single act of abolishing the frontier barriers to trade in coal and steel, the High Authority has dealt a heavy blow to national protectionist policies. A fresh wind of competition spreading across a wide market has made new policies possible and necessary - policies which, on the one hand, confirm the forces of competition newly released after decades of restriction and, on the other, prevent the abuse of competition which, historically, led to its damming up. These policies, applied not on the national, but on the common market, stage are novel enough to merit being called "European" policies.

FAIR TRADING CODE

Thus, one of the High Authority's aims is to protect the consumer so that he can effectively obtain his supplies on the most advantageous terms and by this very fact do more to end restriction on the market than any regulations could hope to do. A Fair Trading Code requires producers to publish their prices and not to discriminate between their customers. The High Authority inspects company books to see that

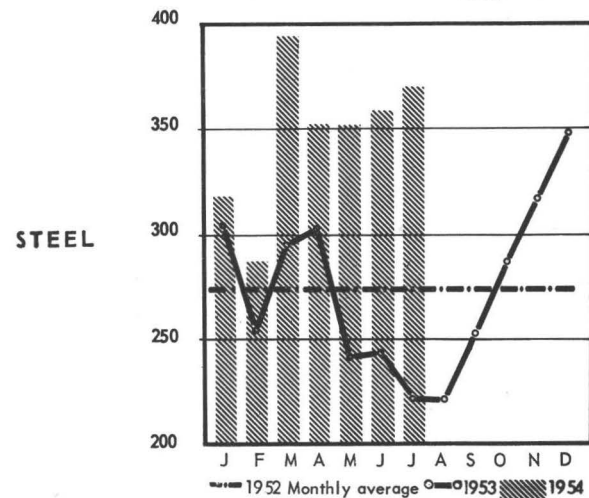
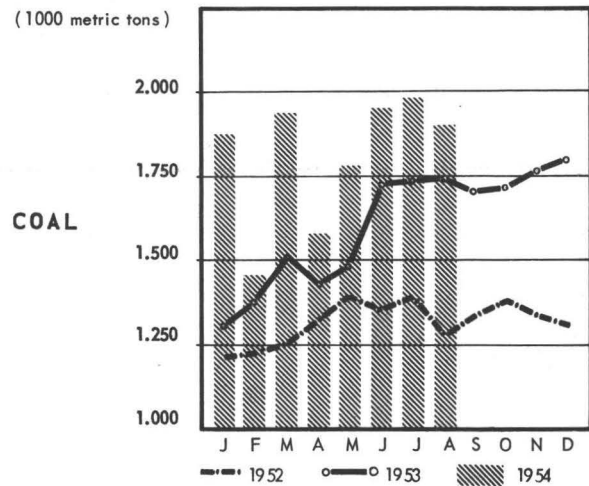
the regulations are observed and can heavily fine violators.

ANTI-CARTEL LAW

The attack on restrictionism is more direct still in the High Authority's anti-cartel rules, the most stringent ever written into European law. It has made an extensive investigation of the central coal sales and purchasing organisations in the various member states, and is due shortly to reorganise those of the Ruhr, France and Belgium.³⁾ With regard to the "Brussels-Entente", or so-called "export cartel", the High Authority has fewer direct powers. But its rules have made it impossible for the Entente effectively to fix production quotas or set up a sales organisation - essential conditions of a cartel's power. The Entente has submitted to and not initiated, changes in export prices which have conformed equitably to the market.

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TRADE ACROSS FRONTIERS within six-nation Community area



1) 2) 3) - see foot notes on page 8.

QUEEN JULIANA of the Netherlands

The Government maintains its view on further European political and economic cooperation, that this cooperation is an indivisible aim which it will not give up... It continues to attach great value to the reinforcement of the European Coal and Steel Community

—Speech from the Throne, opening of Dutch Parliament, 21 September.

Victor LAROCK, Belgian Minister for External Commerce

The first (necessity) is to safeguard the work already undertaken: the Coal and Steel Community in particular.

—article in the "Le Peuple", 15 September.

Heinz KEMPER, president of Stinnes coal mines group

(Dr. Dehler's view) is not the view of the Ruhr. Though the Coal and Steel pool has brought heavy burdens with it to the German coal and steel industry, the industry sees in this pooling of coal and steel, now as before the rejection of E.D.C., an important form of cooperation.

—quoted by "Düsseldorfer Nachrichten", 8 September

The Times

The argument for further procrastination and aloofness in this affair is in no possible sense strengthened by what has happened over E.D.C. The truth is precisely the reverse.... No doubt some of the wider hopes which have been centred on the Community have now to be at any rate deferred. But the virtue of a common market does not depend on having a common army. Larger markets are needed if the industries of European countries, including Britain, are to gain full advantage from technical progress and to combine the advantage of large-scale processes, where these are best, with the advantages of some degree of effective competition. No doubt there are dangers to be watched. The constitution of the Community could be used to promote within the Community not competition but a "dirigiste" organization capable of turning "little Europe" itself into an exclusive and nationalistic unit. But, for this very reason, the dangers of being outside, of having no part in shaping the policy and organization, have always been at least as great as those of taking part. On all counts, in fact, Britain has stood too aloof for too long.

—Leading article "A British Duty," 6 September.

EUROPE WITHO

A week after the French Nation... Dr. Thomas Dehler, leader of the second's parties in Western Germany, the rejection of the E.D.C. is a sentence of death for the Community, which cannot live on as a

In fact, the contrary view, that the European unity, has since been over-ruled at all points and levels of the Community assembled on this page.

A German Labour

Labour has lately shown signs of increasing interest and activity in the Community. One instance is the motion, favourable to the Community, passed on 23 September, after a two-day debate, at the Annual Congress of the one-and-a-half million strong German Metalworkers' Union in Hanover. Another is the appeal made by Andre Renard, assistant secretary-general of the Belgian T.U.C. (printed on this page) for a Community-wide collective bargaining code. As the relative isolation of the trades unions from the centres where policy is made has previously been a grave weakness in European society, these developments are important.



Here, Heinrich Straeter, a member of the Executive of the German Metalworkers' Union, and President of the Liaison "Committee of 21", answers questions on Community problems as they are seen from the labour point of view.

HEINRICH STRAETER

What is the attitude of the Trades Unions to the European Coal and Steel Community ?

The Trades Unions have a tradition of internationalism. They have always favoured the elimination of frontiers. Today they know that if Europe is to progress as the United States and Russia are progressing in their very different ways, it must create a really vast free market. The European Coal and Steel Community seems to us an important step towards this broader unity.

You hold that view despite the rejection of the European Defence Treaty by the French Assembly ?

Certainly. The European Coal and Steel Community provides a stage for a working European integration independently of whether and when the political and

THE E.D.C.

His rejection of the E.D.C.,
est of the Coalition Govern-
emocratic Party, said: "The
the European Coal and Steel

ity remains a corner-stone of
expressed by people involved
fe. Some of these views are

Reader's view

ary integration of Europe is realised. Ultimately,
course, the European Coal and Steel Community is
nough. Problems which it leaves open, such as the
cation of European currencies and taxation systems,
one day be solved.

while, the Community exists - and for a period of
ars. We shall work to better the worker's standards
e and work within it as it stands. If we are success-
it will, I think, be possible one day to bring the
ining European countries into our system of coo-
ion.

ou see new advantages to labour in the European
nd Steel Community?

Yes, I do. The biggest in comparison with past
national trade union activities is that in the Commu-
trades unions have to state concrete opinions on
ical questions. Their work in international organi-
s has till now been exclusively confined to re-
andations and the expression of non-committal
. Previously, the unions never studied such questi-
is market research or systems of pricing. Yet these
ltimately of great importance to the workers.

Now, within the Consultative Committee the la-
nions have to give opinions on concrete questions.
discuss economic problems jointly with the re-
ntatives of the enterprises. In many countries such
cal discussion, before important decisions are
, had hitherto not been possible. This is a defi-
advantage.

e heard there are labour criticisms of the compo-
of the Consultative Committee. Is that correct?

Yes. At present, there are only employers among
consumer group. There ought also to be labour re-
ntatives.

u have sufficient contacts with the High Autho-

n our day-to-day work we have good contacts
e President, Jean Monnet and with Paul Finet
inz Potthoff in particular. Both these members
formerly trades union officials.

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Pierre RICARD, President of the French Steel Fede-
ration

After the rejection of the European Defence
Treaty by the French Parliament, it was neces-
sary to reassure our Italian friends of our
continuing determination to create a wide
European economic market. Europe's small,
outmoded autarchic economies make it helpless
before the great economic colossi, America
and Russia.

-speaking at Franco-Italian Conference, Nice,
organised by the French National Employers' Coun-
cil, quoted in "Il Sole", Milan, 21 September.

Ferruccio PARRI, former Italian Premier, member
Action party

The extension of universal suffrage to the
European Coal and Steel Community's Common
Assembly would represent an effective step
forward (towards European unity).

The Community by its experience and through
its institutions already in existence, can help
third countries toward this step.

But the six Community countries and their
Governments must show that their guiding
principle is the construction of a stable Europe
and not a temporary military alliance.

-article in "Mondo Economico", Milan, 18 September.

Robert ALTERMAN, Vice-President, Union of French
Exporting Industries

The common European market can and must be
set up, whatever the solution adopted for col-
lective defence, the European Coal and Steel
Community remaining the first stone of the
edifice which must be built.

-letter to Premier MENDES-FRANCE, 13 September.

Andre RENARD, Secretary-General of the Belgian
Trades Union Congress (FGTB) and President
of the Consultative Committee

The Community has succeeded from an econo-
mic point of view. Now it must succeed on the
social plane... The Treaty seems incomplete,
it seems reticent on certain points. There is
talk of harmonisation, but the means of harmo-
nisation are not envisaged... We would hail as
a great victory the conclusion of the first
international collective bargaining code valid
for the six countries of the European Coal and
Steel Community.

-speaking at I.L.O., Geneva, 14 October, quoted by
Associated Press news agency.

RESETTLEMENT BY INCENTIVES

The renewal of competition creates another new need - to protect labour from unemployment consequent on companies' efforts to increase productivity. A remedy for this has been found in another new policy: the resettlement of labour by incentives.

The High Authority provides funds over and above normal unemployment benefit, to tide workers over the period of unemployment, to reeducate or reinstall workers in new jobs and even by investments to develop new economic activity for them.

The policy has begun with a strictly voluntary scheme to encourage French miners to move from the contracting mines of the south to the expanding high-wage mines in Lorraine. The main incentives are: compensation for moving of £200 per family, free travel and guarantee of housing on arrival in Lorraine. In the first months' operation of the scheme 200 miners have moved, most of them with families.

INVESTMENT

The European perspective has also changed investment policy. In the protected national market, investments tended to aim at maintain-

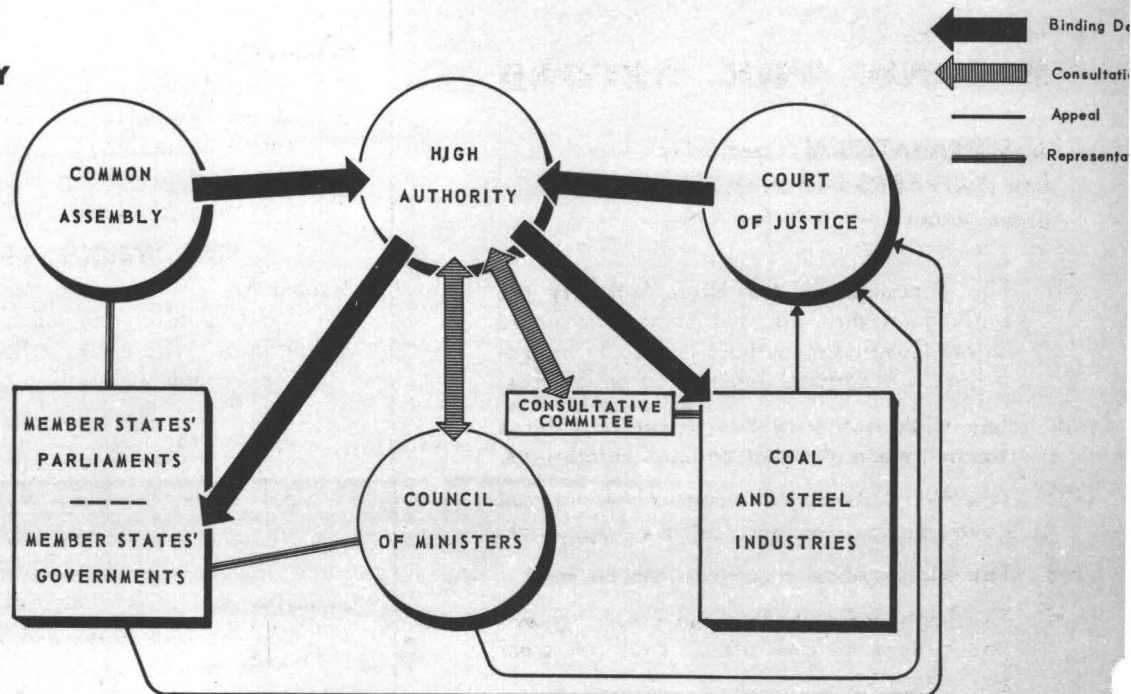
ing or increasing productive capacity rather than at widening the market by lowering costs and increasing efficiency. Now, the High Authority aims in its investment targets above all at reducing costs - the first condition of an expanding economy.

This, it is judged, can best be done by lowering the costs of producing coal, to which most of the 100 million dollar loan contracted in the United States is to be devoted. A quarter of this amount has already been earmarked for more miners' housing - one of the essential improvements the programme is designed to stimulate. The High Authority expects to contract further loans in Europe, after the proceeds of the U.S. loan have been allocated.

Beyond Coal and Steel

The common market is not yet complete: transport must be adapted to it, that is to say, the disturbing influence on competition of varying freight rates must be ironed out. Also, a free labour market must be created. Work on both is well advanced. Beyond that again the need for an ever increasing coordination of the

INSTITUTIONS OF THE EUROPEAN COMMUNITY FOR COAL AND STEEL



policies of the member states with that of the Community is becoming evident. It has long been recognised that their monetary policies must be mutually compatible. Now the High Authority's efforts to elaborate a long-term coal policy demand a clear view of the long-term policies of the governments of the member states for the other forms of fuel and power competing with coal. Some experts have gone so far as to suggest a "Power and Steel Community"

Their steel, sent from Lorraine by rail to Antwerp and shipped thence to Bordeaux was being taxed 10% on arrival in port by the French authorities, because it was shipped in foreign holds and a law of 1793, designed to protect French shipping, treats French goods transported in this way as "foreign" and subject to import duties.

This is looking to the future. But the past and present have already proved that the Community has substance. Even the anomalies which subsist on the common market show that. Recently, two big French steel firms appealed to the High Authority.

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THE PAST WEEKS

August 1

Common market established for special steels (Community production, 3,000,000 tons).

August 19



Death of Alicide de Gasperi. Italian ex-Premier and President of the Common Assembly of the Community.

September 27 and October 14

Informal meetings between Jean Monnet, Franz Etzel and Dirk Spierenburg, representing the High Authority, and Duncan Sandys, Minister of Supply, and Sir Cecil Weir, head of the British delegation to the High Authority, representing the United Kingdom Government, held in Paris to prepare official talks on Association between Britain and the Community.

October 20

Shoji Arakawa, Japanese Ambassador in Brussels hands his letters of accreditation to the High Authority as head of the permanent Japanese delegation in Luxembourg to the High Authority.

THE WEEKS AHEAD

October 28

First public session of the Court of Justice. The Court will hear appeals by the French and Italian Governments and two Italian steel producers' associations against the High Authority's decision of 7 January 1954, to revise its Fair Trading Code. The Court's findings are final.

November 29

Common Assembly: extraordinary session in Strasbourg.

BEHIND THE RECORD

A SUPRANATIONAL Community
how it DIFFERS from an INTERNATIONAL
organisation

- i) The decisions of the High Authority are binding on the coal and steel enterprises in the Community without having to be embodied in national legislation or decrees.
- ii) The High Authority has power to enforce its decisions directly against enterprises.
- iii) The High Authority can compel the national governments to enforce its decisions.
- iv) The High Authority can sue and be sued.
- v) The High Authority has the power to levy and collect its own tax on coal and steel production.
- vi) The High Authority is responsible not to the national states but to the Common Assembly.
- vii) The judgements of the Court of Justice alone are binding on all parties within the Community, including the High Authority.

The two firms would perhaps not have complained had it not been that German steel, being "part of the common market" was landing at the same port - duty free! To all the firms concerned in this case the common market is obviously no abstraction.

The High Authority has contacted the French government to bring this anomaly to an end.

The substance of the Community is, in the last resort, the new opportunities it brings to those who participate in it. The most striking instance is that of the high cost Belgian coal mines.

Their future had long seemed, in the national context, to pose impossible problems, so much so that they had never been seriously tackled. Now in the Community these problems are at last being faced, because they can be solved communally in ways by which Belgium alone could not have solved them (this will be the subject of a forthcoming Bulletin).

It is not simply that the common market is breaking a pattern of time-honoured protectionist laws; the Community is bringing in solutions where protectionism positively hinders development. As Jean Monnet, the President of the High Authority told the Assembly last May, "our Coal and Steel Community is now a reality".

- 1) These companies are smaller than the biggest of the German firms resulting from the allies' deconcentration measures in the Ruhr.
- 2) Production 1952 = 41,8 million tons
Production 1953 = 39,6 million tons
- 3) This subject will be discussed in detail in a later Bulletin.

NOTICE TO READERS

This issue is the first of a new series of monthly bulletins designed to tell interested British readers about progress within the European Coal and Steel Community. Anyone interested in obtaining further information or back numbers of the bulletin, including copies of the first six mimeographed issues (January to June 1954) may write to :

HIGH AUTHORITY Information Service,
2, Place de Metz, LUXEMBOURG.

Since 15 August, the Official Gazette of the Community has been appearing in English as well as the four Community languages - Dutch, French, German and Italian. It is published by Her Majesty's Stationery Office, in England.

EUROPEAN SCHOOL



Boys of all nationalities visit the Primary School for their singing lesson with Herr Haven. After learning a German song, the pupils write the translation in the three other official languages of the Community. "We are all Europeans here", says the teacher. The next song will be French or Dutch or Italian.

A German labour leader's view

(continued)

Surely all this activity within a European context must tend to bring the trades unions closer together?

The miners, metalworkers and central bureaus of the Free Trades Unions in the six Community countries and the Saar have set up a "Committee of 21" in Luxembourg, which coordinates their policy on Community questions. This liaison office is also a research centre for us.

The "Committee of 21" considers in advance the agenda of the Consultative Committee. We frequently thrash out a unanimous opinion on policy. We did that, for instance, in fixing our line on the free movement of labour in the Community and as regards the High Authority's Fair Trading Code, which we support, on condition that enterprises violating its provisions are dealt with firmly.

We also fix a common policy with the Christian Trades Unions on major problems.

What would you list as the main positive results for labour of the High Authority's work so far?

Three things. The supervisory machinery which ensures that firms publish their prices and do not discriminate between buyers. Investment policy, which influences firms in a forward direction. The support given to research, for instance, into the problems of silicosis.