



VOLUME II

N° 3

JANUARY 1955

*Bulletin from the***EUROPEAN
COMMUNITY***for coal and steel*

MAR 1

1955

INFORMATION SERVICE • HIGH AUTHORITY • LUXEMBOURG

BRITISH ASSOCIATION

On Tuesday December 21, at Lancaster House, M. Jean Monnet, President of the High Authority, and Mr. Duncan Sandys, British Minister of Housing, signed an Agreement furthering the Association between the United Kingdom and the European Coal and Steel Community. The other signatories were; M. Frantz Etzel and M. Dirk Spierenburg, for the High Authority; the ambassadors of the six member-countries, for their governments; Sir Hubert Houldsworth for the National Coal Board and Sir Archibald Forbes for the Iron and Steel Board.

The Agreement sets up a Council of Association composed of four United Kingdom representatives and four representatives of the High Authority. In view of the powers conferred by law on the National Coal Board and the Iron and Steel Board, one of the British representatives will be a member of the National Coal Board and one will be a member of the Iron and Steel Board.

The function of the Council will be to provide a means for permitting the common conception of policy by the United Kingdom Government and the High Authority on such matters as investment targets, action in time of boom or slump, fair trade practices, etc. Either side may opt out on any policy it feels unable to apply. In particular, the Council of Association has been "given the duty to examine restrictions and other factors affecting mutual trade in coal and steel between the two areas, with a view to making such proposals for their reduction or elimination as may be agreed



for the mutual benefit of the United Kingdom and the Community."

The Agreement also provides a procedure for joint consultation, where necessary, between the United Kingdom Government, the High Authority and the Council of Ministers of the Community. The Council of Association, the communiqué adds, "will pay due regard to the interest of third countries and to the special relationship between the United Kingdom and the other members of the Commonwealth".

The Agreement provides that the Council of Association will present an agreed annual report to the High Authority and to the United Kingdom Government.

The United Kingdom will maintain a representation in Luxemburg and the High Authority will establish a similar representation in London, a grant to whom of any privileges and immunities which may be appropriate being subject to parliamentary approval.

As the Communiqué issued after the signature stated:

"From the outset the United Kingdom Government has welcomed the conception of the Schuman Plan, both on account of its contribution to the efficiency and the stability of the basic industries of the countries

concerned and on account of its contribution to the wider cause of European unity".

The Agreement, it is hoped, "will help to promote a growing association between the United Kingdom and the Community which will, both parties believe, contribute to their common prosperity and assist in the advancement of European unity".

The Agreement now signed has its roots in the declaration by the British Government on 11th August 1952, the day after the High Authority was set up, that it desired to establish a "close and lasting Association" with the Community. The High Authority warmly welcomed the declaration. After a visit by M. Jean Monnet, the President of the High Authority, to London at the end of August, a permanent British delegation was sent to Luxemburg under Sir Cecil Weir. It arrived on 1st September 1952, the day before the United States delegation, under Mr. William Draper then head of ECA.

The Agreement does not in itself constitute a "close association" but it is a new and important step towards it. The strict reciprocity in the relation between the United Kingdom and the Community marks a further development in the recognition of the Community as a novel form of Government.¹⁾

1) The Agreement will be more fully treated in the next issue of this Bulletin.



COMMUNITY SCHOOL in B.B.C. Christmas day program

Children of the European School of the European Coal and Steel Community rehearsing with Francis Dillon, BBC Features Producer, for a recording of Christmas carols broadcast by the BBC on Christmas Day. The broadcast, entitled "Good Neighbours", was heard by an estimated audience of 80 million people throughout the world.

NEW DEAL FOR FRENCH STEEL

An example : The Compagnie des Ateliers et Forges de la Loire

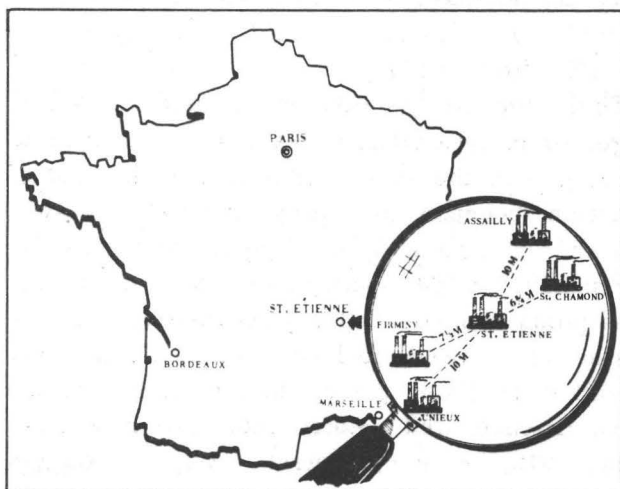
The European Coal and Steel Community, by cutting away at the jungle of tariffs, discriminations and other old-established national barriers which acted as a brake on competition, is changing the face of Europe's coal and steel industries. Nowhere has this change been more marked than in Central France, where a few men of vision are carrying out one of the boldest experiments in concentration and reconversion ever attempted in post-war France. Their story is a striking illustration of what can be achieved under the spur of competition. It is also a lesson for all those who may still doubt the necessity of a common market in steel.

Without this common market ¹⁾, it is generally recognised that no reconversion would have occurred, or that it would have occurred too late: 13000 French steelworkers might now be unemployed as one by one the medium-sized steel factories in Central France, too proud to unite, too poor to invest, were forced to close their doors. If, in the absence of the European Coal and Steel Community, concentration had after all been attempted, it would have meant the laying off of a considerable number of workers and the consequent risk of social unrest and hardship.

As it is, the concentration is being effected with the joint aid of both the French government and the European Coal and Steel Community, which have provided 150 million francs each to guarantee the wages of those workers who in the normal course of events, would have been laid off during the concentration period. Temporary jobs within factories are being found for some, and others are being trained in new skills which they will be able to exercise after the concentration has taken effect.

Some results of the reconversion and concentration of the new "Compagnie des Ateliers et Forges de la Loire" are already being felt. A two year plan, prepared by the factories' engineers, aims at reducing the cost of certain grades of high-quality steel by as much as 20 to 25%. Some price reductions have already be-

1) The common market for steel was established on 1st May 1953, and the common market for special steels on 1st August 1954.



come possible, in spite of the heavy financial burden of reconversion.

Already the example of a group of rival factories uniting to better production has attracted considerable attention locally: the area of Saint-Etienne, where they are situated, has known severe economic difficulties of one kind or another since 1918. It is a region of large numbers of small, sometimes marginal enterprises (printing works, cycle and file making plants) all jealous of their independence. Now there is talk of these small local industries following the example of the "Compagnie des Ateliers et Forges de la Loire" and preparing their own concentration to solve economic difficulties which are becoming year by year increasingly acute. The common market, by compelling the steel industries of Central France to unite and modernise in the face of competition, has shown the way to a "new deal" in other fields.

The Background.

On the fringe of the Massif Central, just South of the centre of France, lie four towns which seem to have been lifted straight out of the industrial North: Unieux, Saint-Chamond, Firminy and Saint-Etienne.

These four towns were, until 1940, among the great arsenals of France. Smaller than the great steel factories of Lorraine, the steel works around St. Etienne were nevertheless of the utmost importance for France. They provided about 200,000 tons of special and high-quality light steels a year, mainly for the French ar-

maments industry. Their role within the French economy was an important one, but the nature of their production saddled them with special problems which the heavier French steel industry did not have to face. Their equipment was highly specialised, and could not easily be converted from military to civilian requirements. Their prosperity was, to a certain extent, geared to international tensions: from 1914 to 1918, with the steel works of Lorraine out of action because of enemy occupation, these towns knew an unequalled period of prosperity. From 1919 to 1938, partly as a result of increased production costs, partly because the Lorraine steelworks again dominated the national steel market in France, the steel factories of the St. Etienne area entered into a long decline. In 1940, military defeat brought complete stagnation, as the factory owners patriotically used every device to hinder the production of steel which might fall into enemy hands.

Immediately after the second world war, there arose an unprecedented demand for steel in Europe. Producers were uncouraged to turn out steel at any price and Marshall Aid funds enabled them to invest, in some cases for the first time in 30 years.

But in the area of Saint-Etienne, investments left all problems intact, Here were four medium-sized factories, all of them old-established, all of them competing with each other for orders of similar high-quality steels within a radius of 15 miles. None of the four factories was powerful enough to dominate or buy up any of the other three. All were preparing to invest,

or had already invested, in costly duplicate equipment which could only be used for a few hours a day.

Three at least of the factories were, in the long run, doomed, and as early as 1946 Jean Monnet, then head of the Monnet Plan for modernisation in France, had urged their merger. But the four factories had a century-old tradition of rivalry. Their owners had in the past been stern, conservative men, jealous of their prerogatives and their independence. It took the creation of the European Coal and Steel Community in 1952, with its threat of European-wide competition, to compel the producers to take action.

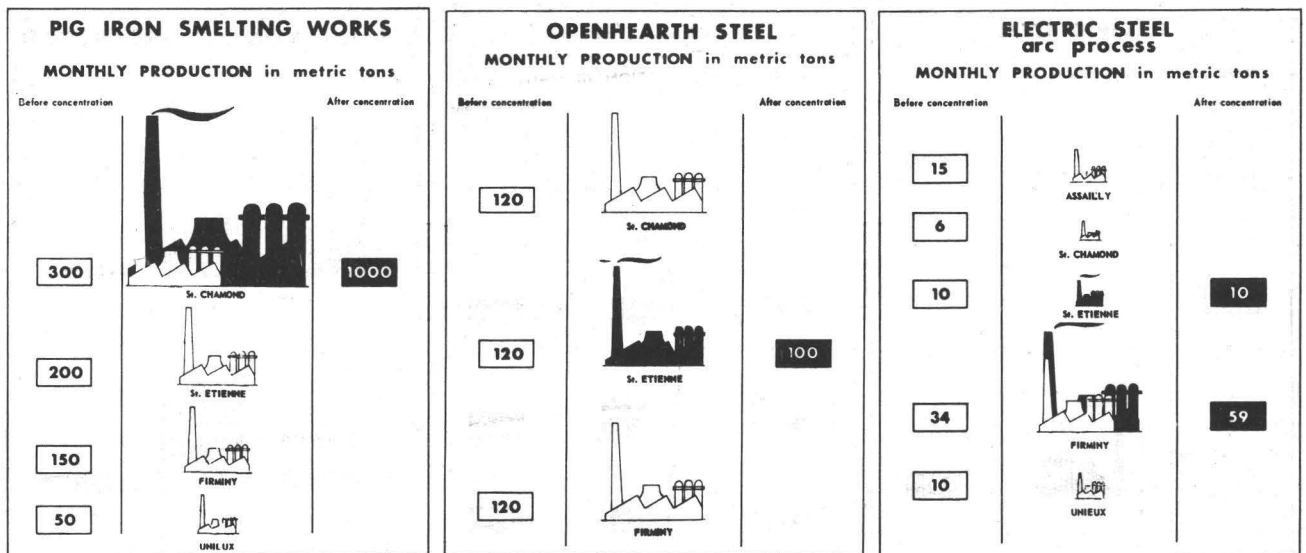
The Merger

One of the producers of St. Etienne had long since realised the need for concentration. M. Marcel Macaux, the director of the Firminy steel works, the most prosperous of the four factories, had, shortly after the war, proposed a merger with the other three. His proposal was then turned down,

In 1953 he tried again: this time his arguments were strengthened by the existence of the European Coal and Steel Community. The three other factory directors agreed to pool their resources in the interests of more efficient steel production.

The difficulties which had to be contended with were psychological as well as material.

There was, among the producers, an understandable repugnance to see any of their plants



scrapped, There was also, at every level, in all the affected factories, a century-old tradition of rivalry and hostility.

Both feelings were rapidly overcome as the factories, merged into the brand-new "Compagnie des Ateliers et Forges de la Loire" began planning and putting into effect their own concentration.

The chart below shows how this plan is turning the five factories belonging to the former rival companies and all producing small quantities of similar high-quality steels into plants specialising in the production in which they are most efficient.

The Role of the European Coal and Steel Community in concentration.

The European Coal and Steel Community is pledged, by the terms of the Treaty, to see that the worker does not bear the brunt of modernisation in Europe's coal and steel industries.

In January 1953 (before the establishment of the common market in steel) a concentration of two St. Etienne steel works took place, and several hundred workers were laid off.

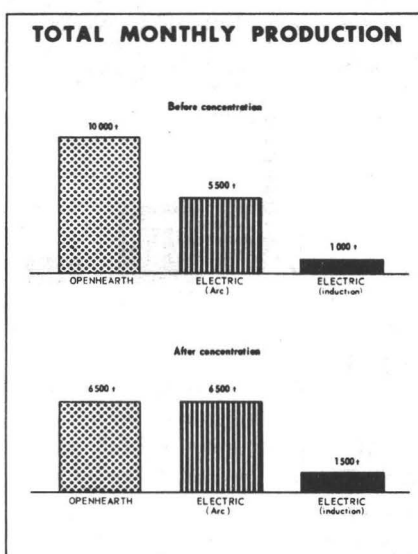
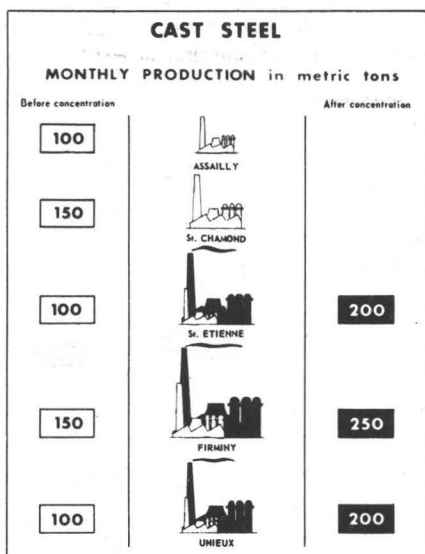
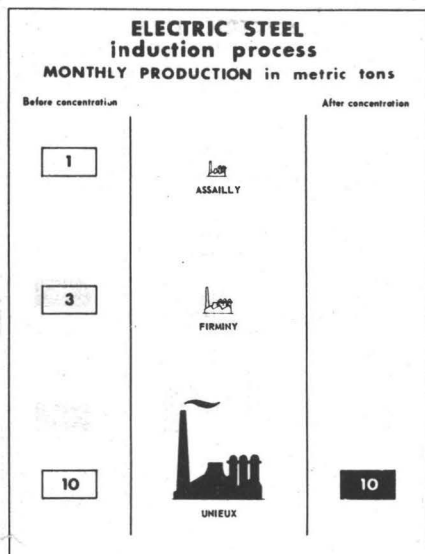
The High Authority was determined to see that after the opening of the common market, on May 1st, 1953, concentration did not come to be looked upon as synonymous with unemployment.

The High Authority therefore decided to contribute 150,000,000 francs (about \$ 450,000) towards keeping workers affected by the merger in their jobs, with the French Government pro-

viding another \$ 450,000. Those who would, in the normal course of events, have been laid off are being kept on, thanks to High Authority and French Government funds. It is expected that all workers will be profitably employed once production has expanded: the "Compagnie des Ateliers et Forges de la Loire" intends to extend its interests in the steel transforming industry, and workers who would otherwise by redundant will find new jobs here. Retraining of workers at the factories expense has already begun. Miniature employment agencies have been set up in the factories undergoing reconversion to fit specialists from one plant into equivalent jobs in other plants in the St. Etienne area. None of the factories are more than 18 miles apart, which makes the transfer of workers a relatively matter.

There is nevertheless among the workers of the St. Etienne area a considerable hostility to any kind of change, even for the better. In spite of low wages (average for a non-specialist: \$ 75 a month, supplemented by substantial family allowances) there have been cases of workers turning down good jobs 10 kilometres from their own plants, even when better housing conditions were provided by the new factory, and accepting instead a low-category unskilled job in their old factory. But such cases are exceptional.

There are admittedly difficulties in trying to find a socially acceptable solution to concentration. Relations between employers and employees, notoriously bad in the St. Etienne area since the great social disturbances of 1848, are



improving only gradually as a result of the social concern of the producers. Some factory directors complain, for instance, that in the past, when they were free to lay off workers, a natural selection occurred which got rid of the least efficient workers, while under the present system the highly skilled workers, impatient with the delays of reconversion and concentration, tend to find work elsewhere. In each of the factories of the "Compagnie des Ateliers et Forges de la Loire" about 100 workers have given notice since concentration started six months ago.

The first six months of concentration are always the most difficult in any industry. Those of the "Compagnie des Ateliers et Forges de la Loire" have reached the stage when the old,

obsolete, uneconomic plants have been removed and new equipment has not yet been installed, when workers from the scrapped plants are being given odd jobs in factory yards.

But in spite of this, engineers, producers, and nearly all the workers are confident that in two years time, the factories will present a completely different picture. The spirit in which the merger has been tackled, the faith of those who planned it, the social concern shown for the welfare of the labour force, all contribute to make this experiment an important one for France and for the European Coal and Steel Community. If it succeeds - and everything points to its success - it may well point the way to a new departure in solving Europe's economic difficulties.

STATEMENT BY M. EUGENE CLAUDIUS-PETIT
former French Reconstruction and Labour Minister, and present Mayor of Firminy, before the French National Assembly on November 15, 1954.

(M. Claudius-Petit, a near-radical deputy from the St. Etienne area, was replying to a communist speaker who had claimed that the concentration being undertaken by the "Compagnie des Ateliers et Forges de la Loire" was a "wilful attempt to turn skilled personnel into unskilled workers").

M. Claudius - Petit said:

"I cannot allow this experiment, which could well serve as an example to other areas of France, to be distorted in this fashion.

A concentration of a number of large firms employing about 13000 workers from St. Etienne, St. Chamond, Firminy and other centres did at one time cause the fear of unemployment to spread.

But an agreement has been reached to prevent any laying-off of personnel.

The nature of this agreement has been grossly caricatured: the High Authority of the European Coal and Steel Community and the French Government have in fact each granted 150 million francs towards reconversion, and the firm involved has also guaranteed a similar sum.

This will permit a retraining of the workers as well as the reconversion itself.

The agreement - which might well serve as a model for all French firms undergoing reconversion - stipulates that during the reconversion period of two years and for two years following the reconversion a single worker will be laid off.



M. Eugène Claudius-Petit, 47, French Reconstruction Minister from 1945 to 1953, played a leading part in the negotiations which led to the grant of High Authority and French Government aid for the "Compagnie des Ateliers et Forges de la Loire".

M. Claudius-Petit began work in a factory at the age of 12, went to night school and obtained a diploma in industrial drawing, which he taught in French schools before entering politics.

During the war he was one of the founders of the French Resistance Movement. He has been a deputy since 1945, and mayor of Firminy since 1951, when he beat a communist rival in what had previously been a "safe" communist seat.

In other words, for the very first time, a firm has made it clear that it is standing by its workers during its reconversion period, that it will ensure their retraining and guarantee their wages during this period.

I should like to see other firms in France take the same step in order to dispel the legitimate fears of workers who believe they may bear the brunt of reconversion".

THE WEEKS PAST

November 29 - December 2.

Fourth extraordinary meeting of the Common Assembly in Strasbourg,

M. Giuseppe Pella, the former Italian Prime Minister, was elected President of the Common Assembly to succeed the late Alcide de Gasperi.



In his speech, M. Monnet said that "for the first time the reduction of activity in the United States has had little influence in the countries of the Community".

In a joint motion the Catholic, Radical and Socialist groups in the Assembly called on M. Monnet to reconsider his decision not to stand for re-election.

December 9.

A group of coal and steel Trades Unionists from the six Community countries attend the Annual Congress of the C.I.O. in Los Angeles as guests of the United Steelworkers of America.

December 13.

The High Authority allocates \$ 60,000,000 of the \$ 100,000,000 loan from the United States to coal and iron ore plants in Belgium, France, Germany and Italy.

December 14.

The National Planning Association in New York awards M. Jean Monnet its Gold Medal for 1953 for his work in "planning the reconstruction of France and in conceiving, planning and putting into operation the European Coal and Steel Community as a major step towards European unity".

December 21.

The Court of Justice upholds the complaint lodged by the French government and two Italian steel federations against the High Authority's price publication policy.

1954 a record year

The member-countries of the European Coal and Steel Community produced more steel in 1954 than ever before in their history.

Their total production of raw steel was 43,800,000 tons - 4% more than the previous peak year of 1952, and 10% more than in 1953. Coal production also was higher (241,600,000 tons in 1954 as against 237,000,000 tons in 1953) than at any time since 1939.

Experts have compared the present boom in steel to the "Korean boom" of 1952. But in some ways this is better than the Korean boom, for the foundation of the market is more solid. It is being fed by consumer demand in the Community and not, as in 1952, by the grace of arms and the fears of future shortage.

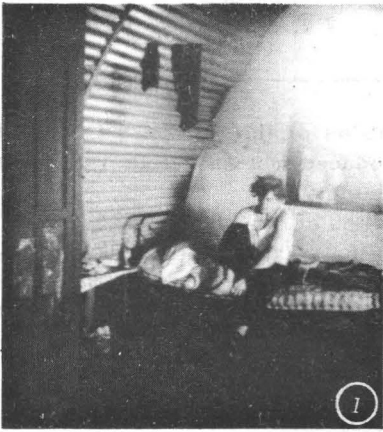
Though part of the explanation of current demand seems to be the depletion of stocks by consumers who were reluctant to buy in 1953, the main cause seems to be the flourishing economic activity of all the member states of the Community.

The biggest proportionate advances in output have taken place in Italy and Germany, but substantial increases have also occurred in Belgium and France. Cross-frontier trade in the six-nation area has also increased both absolutely and relatively. According to figures for the month of September, 1954, about 16% of total deliveries were sold across national frontiers within the common market as against 10% in 1952, the last pre-common market year - an increase of 60%.

The Community countries are "exporting prosperity" to each other as they could not have done before. Prices, which rose sharply during the Korean boom, have not risen more than 5% above their 1953 level. One reason for this moderation is the ending of double prices on the common market, and the High Authority's policy of enforcing the publication of prices, which, it is thought, has made producers reluctant to seem profit-mongers by charging high prices regardless of consumer interest.

The conclusion: the common market is profiting by the flourishing economic health of Europe as a whole; but the European steel consumer is benefiting by the freer flow of goods and fair trading practices introduced on a wide common market for one of the basic materials of the modern productive machine. These innovations can only help to sustain a high level of demand, in other words, will not merely prolong the boom but encourage a long-term expansion of economy. 1954, instead of being the exceptional "peak" year, may yet turn out to be the average year during this new, post-common market period of expansion.

VOLUNTEERS UNDER RESETTLEMENT SCHEME



These pictures were taken when a party of 27 miners' families who had volunteered to go from the mines of Southern France to the higher-wage coalfields to the East of the country, set off from Carmaux, near Albi, on their 400-mile journey to new and better living and working conditions in several parts of Lorraine.



These families are moving because the mines of Southern France will have to increase the efficiency of their production and in consequence reduce their wage bill in order to meet new competition on the common European market.

The circumstances of the move, however, are entirely different from anything previously attempted in Europe. The 200 miners and their families who, in 1954, have gone to Lorraine under the resettlement scheme sponsored by the High Authority and the French Government, are all strictly volunteers. The families are offered substantial incentives to move: better, and in most cases brand-new housing; a £200 bonus to help launch each family in its new surroundings; free travel, with allowances, and free removals.



This resettlement scheme has points in common with the arrangements made by the National Coal Board for miners leaving the collieries of Lanarkshire for the expanding coalfields of East Fife.

1. Bachelor dormitory, Carmaux;
2. Five people lived in this and the next room, Carmaux;
3. On the move, Carmaux station;
4. Outside new block of flats, La Petite Rosselle, Lorraine;
5. Settling in the new flats;
6. Kitchen in one of new flats.

