



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

INFORMATION SERVICE • HIGH AUTHORITY • LUXEMBOURG



Mr. A.C. de Bruijn

## COMMUNITY TRADE UNIONISTS FEDERATE

Last March 24, the 23 Christian Trade Unions of the Community countries, claiming a membership of 500.000, set up a single federation to increase their cohesion and further their unity.

The Federation, which will have its headquarters in Luxembourg, seat of the European Coal and Steel Community, has as its new secretary Mr. A.C. De Bruijn, 37, the son of the first worker to become a Cabinet Minister in Dutch history.

Here Mr. Bruijn explains the backgrounds and aims of the new organisation :

*What has led your affiliated unions to federate, Mr. De Bruijn?*

Our twenty-three unions, which are particularly strong in the Benelux countries, France and the Saar, need to present a united front in the Community.

So far they maintained only a liaison bureau here in Luxembourg to coordinate their policies. That has proved inadequate.

The High Authority's decisions, from the drawing up of a European Labour Card to the fixing of price ceilings on coal, continually affect the worker.

But the unions have found that their national organisations, which were adequate in a national setting, led to lack of coordination in the wider framework of the Community. They had less power to influence the High Authority than

formerly to sway their governments. So they have decided to federate to increase their cohesion and strength in the Community's institutions by representing Community-wide interests.

*How does the Federation do that?*

Any decision on Community matters endorsed by two-thirds of the executive is binding on all affiliated unions. As a result the representatives of our unions will take a common line in Community institutions and can press their point of view more efficiently on day-to-day problems. Also, acting together, they will possess resources they cannot separately command. That's for the present. For the future, they will be able to develop a common policy, for instance on the greater representation of unions in Community institutions, or on the extension of the Community itself.

*I would like to take these points singly. First, about the common line of action. Could not big unions, or the unions from a big country, refuse to follow decisions taken by the executive, if they disagreed with them?*

No. Each union, large or small, has only one vote on the executive of 23. Already decisions on the statutes of the federation have been taken against the votes of major unions. Of course, we do everything to ensure there is as much agreement as possible on decisions. But if we disagree, the Council of the International Confederation of Christian Unions in Brussels acts as arbiter.

*On what questions can you fix a common line?*

All Community questions.

*Will the common line extend as far as common action with the unions affiliated to the International Confederation of Free Trade Unions?*

I hope so. We have consulted together on a number of issues in the past, but I think we should consult more. Now that the Liaison Bureau of the Free Trade Unions is working well and that we have our federation I think cooperation will be easier. In practice our attitudes are very similar. We agree for instance that the levy raised by the High Authority, far from being lowered as the employers want, must be maintained or even increased to permit the High Authority to carry out adequate programmes of housing and of resettlement for workers threatened with unemployment on the common market.

*Your second point was that you would possess greater resources as a Federation. How will this work in practice?*

Well, a big improvement in the quality of our research staff should be obtained.

The governments and the producers have sent their best experts here. The unions have found it hard to match them because separately they have too few experts.

Now as Secretary of the Federation I will be able to appoint on to Community working groups any one of sixteen hand-picked union experts throughout the Community area. I will be able to choose the best man we have in each speciality and I do not care what his nationality is.

And that's only one example of the advantages of better organisation.

*What others can you give?*

Take the problem of labour representation in the High Authority's Consultative Committee, which has become an important forum for the expression of group opinion. It so happens that in each country there are more Christian miners than steelworkers. So, through the present method of selection by which national governments each propose candidates for the Council of Minister to appoint, miners alone are represented on the Committee. The Christian steelworkers have only a single «observer». If the Federation proposed members there would be a better distribution of «skills».

*Your third point was that you could fix a common policy. What policy?*

We want more workers' representatives in the Consultative Committee, by including trade unionists among the «consumer» group. At present it is composed of employers only.

We also want to have observers sitting in on the Committees of the Common Assembly. We want to influence High Authority policy through these Committees, which are very active.

*Do you have other objectives?*

Yes, we want the Treaty to have more social scope. It's partly the unions' own fault. I think they had too little confidence in the future of the Community at the time when the Treaty was drafted. They did not sufficiently press their point of view. Whatever the reason, the Community's aim is at present economic expansion rather than to create a social system.

Its social clauses are important but negative. Resettlement, the free movement of labour, the prohibition of competition by lowering wages - all these clauses, though valuable in themselves, add up to seeing that social tension does not hold up economic progress. We want the High Authority to have more powers to develop a social policy.

Also there are anomalies in the present treaty. Our legal advisers tell us that any individual can appeal to the Court of Justice against High Authority decisions, but that unions can not.

We shall begin to study now what amendments to suggest when the Treaty comes up for modification at the end of the Community's transitional period in 1958.

*Do these criticisms imply fundamental objections to the European Community?*

No, not at all. There is no doubt in our minds that the common market has already brought not only greater competition which is necessary to induce progress in production, but has also

tended to iron out the extreme effects of the trade cycle on coal and steel. That means greater stability of employment - which is the fundamental consideration for us. The view of the Federation is that the common market is proving its worth and should be extended to Transport and Power, especially Electricity.

## THE MINER'S OUTPUT GOES UP

For the first time since the war, the average output of each miner underground in the Community's mines rose, in the last two weeks of February, above 1½ tons a shift,

Output before the war was higher - almost 1.6 tons a shift for each miner underground. The decline in productivity since 1939 has occurred mainly in Germany and the Netherlands where, previously, the miner's output was highest.

The natural process of time in the Netherlands and in Germany also has contributed to this decline. Moreover, in the Ruhr in particular, the need to produce coal in large quantities during and after the war, coupled with the difficulty of finding enough capital to sink new shafts, has resulted in the impoverishment of the best seams under exploitation. Since the war, continuing housing shortages and the high turnover of labour, in Belgium and Germany especially, have retarded development.

But steady progress is now being made. In France, under the management of the French nationalised coal board, and in the Saar, the individual miner's output has risen 30 % over pre-war levels, thanks largely to heavy investment. In the Ruhr and in Belgium productivity is slowly rising.

In Britain, where mining conditions are more comparable, output is higher than in the Community, though before the war it was lower. Today, a British miner mines a ton of coal in a little over 4¼ hours. The Saar miner does so in less than 4 hours, but all the other continentals take longer: the French, the German, the Dutch between 4½ and 5 hours, while the Belgian needs almost 7 hours. But the miner's output is rising faster at present in Europe than in Britain.

The High Authority's policy is, of course, to stimulate the further growth of productivity in the Community's mines. The American loan is being almost entirely devoted to the improvement of colliery installations, to the building of pithead power stations which transform low-grade coals, at present difficult to sell, into much-needed electricity, and to the construction of miners' houses.

The aim is to raise the individual miner's output per day to its pre-war average of about 1.6 metric tons throughout the Community by 1957/8, and to help to build 100 000 miners' houses. As difficulties in obtaining a skilled labour force subsist and many of the best seams have been worked, this will mean a big increase since the war in the mechanical efficiency of extraction in Europe.

COAL OUTPUT PER MANSHIFT (OMS) UNDERGROUND  
( in kilos; 1000 kilos - 1 metric ton )

	1938	1950	1951	1952	1953	1954	1955 week ending 27 Feb.
Belgium	1085	1014	1054	1051	1068	1095	1168
France	1226	1195	1298	1353	1416	1504	1584
Saar	1570	1498	1617	1623	1676	1744	1825
Germany	1916	1401	1457	1457	1458	1492	1554
Netherlands	2371	1754	1725	1609	1567	1499	1523
Community	1590	1306	1372	1389	1401	1438	1511
Great Britain	1510	1612	1632	1607	1630	1651 <sup>(1)</sup>	<sup>(2)</sup>

(1) estimated  
(2) not available

## PNEUMOCONIOSIS AND THE COMMUNITY

Europe's problems in the field of industrial disease, no more than her economic problems, can be solved on a national basis. This is particularly true of pneumoconiosis, one of the world's most dreaded, because so widespread, industrial diseases.

Pneumoconiosis is regarded as an « industrial disease » in five of the six member countries of the Community.

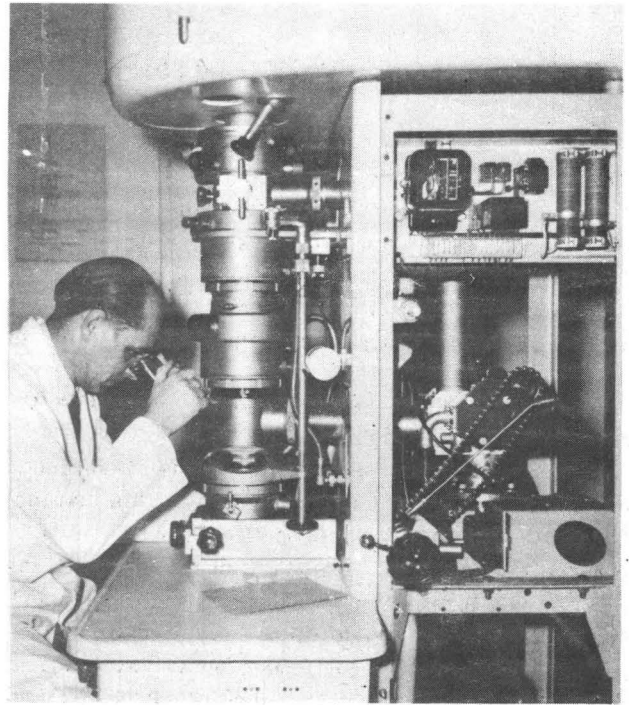
Disability pensions and treatment are available in all the member countries, safety precautions against dust in the mines are in force in all the mines of the Community, and a total number of some 150 centres, of varying sizes and with varying budgets, are carrying out research of some kind into the disease. No member country can be accused of neglecting or underestimating the problem of pneumoconiosis.

How can the Community hope to give fresh impetus to research in a field where national states are so obviously « doing their bit » ? The answer lies in the nature of the disease itself. Scientists readily admit that they have not yet put their finger on a « cure », Various curative treatments—mostly inhalations of one kind or another—have not yet been seriously tested or, where they have been tested, have proved inconclusive; there is as yet no complete agreement on the basic cause of pneumoconiosis. Some scientists hold the view that coal dust is responsible, others believe that coal dust itself is innocuous, and that lesions in the lungs are caused by fine particles of quartz and other fine, hard-dust particles. There is still no full explanation of the fact that some mines are badly pneumoconiosis-ridden, while others, only a short distance away, are relatively free from the disease. \*

There is a widely-held theory among scientists that the heavier dusts in some mines, especially chalk dusts, may play some part in reducing the danger caused by other finer dusts. But the belief is also held that the human lung can cope with only a limited amount of dust, and that beyond a « danger point », the danger of pneumoconiosis exists, whatever the particular nature of the dusts in the atmosphere of the mine.

It follows, therefore, that the basic need of the scientists in the six Community countries is for more information about the disease. So far, exchanges of information are confined to the larger research centres in the Community—the research institute in Bochum, Germany, run by the German Social Security establishment, and the Centre de Recherches des Charbonnages de France a Verneuil, near Paris. But contacts are infrequent, co-ordination difficult. Statistics on the incidence of pneumoconiosis are not comparable from country to country, as they are not established by the same methods. Even the incidence of the death-rate in the various countries

is an unknown factor. Meanwhile, the sum of disability pensions paid out to workers suffering from pneumoconiosis throughout the Community is as large as that paid out for all other industrial diseases put together. According to the trade unions, one miner out of ten in the Community suffers from the disease, in one form or another.



*Dr. Walkenhorst, Director of the Physics Department of the Silicosis Research Institute, at Bochum, photographed at the electronic microscope. This microscope uses, instead of light rays, electronic rays which project an enlarged image of a small object on a screen. The apparatus is used for the examination of the dust particles which cause silicosis.*

There is nothing in the Treaty establishing the European Coal and Steel Community which specifies that industrial diseases come within the scope of action of the High Authority. But the Community's executive, with the full approval of both the Consultative Committee and the Council of Ministers, has decided to interpret the Treaty in the widest possible sense, by referring to Article 55, which states that « the High Authority must encourage technical and economic research concerning the production and the development of consumption of coal and steel, as well as workers' safety in these industries ».

\* France has the « freak » mine of Gardane, near Marseille, where, in spite of a good deal of dust, not a single case of pneumoconiosis has been diagnosed since the disease was « discovered » in 1915.



The first result of the High Authority's determination to act was the setting-up of a «pool» of publications on medical research into industrial diseases, safety in the mines, and hygiene. The publications, translated into the four official languages of the Community - French, German, Italian and Dutch - will be available to all research centres working in the six-nation area and will keep them abreast of the latest developments in their field.

The second, and more ambitious plan got under way on March 9. On that date, a Permanent Committee on Hygiene and Medical Research, composed of leading specialists from the member-countries on industrial disease and hygiene, met for the first time. The Committee, at its first meeting, divided the field of medical research up among the committee members, asking them to report, by the end of March, on a number of problems (lung clearance, relationship of tuberculosis with pneumoconiosis) and advise on a system of priorities for the grant, by the High Authority, of financial assistance to stimulate research in these fields. The Committee will also be responsible for compiling, for the first time, detailed and comparable information on miners' and steelworkers' industrial diseases in the six member-countries, particularly in the field of pneumoconiosis. The Committee will also make recommendations for exchanges of scientists within the Community,



*A patient working at a craft at the rehabilitation centre at Dongreville, near Nancy, which is open to all workers of the European Coal and Steel Community in need of post-operation therapy. It is planned to reserve a number of beds for Community workers, irrespective of nationality, whose home is nearer to Dongreville than to similar institutions in their own country.*

and perhaps to Great Britain, which, it is recognised, has long been a pioneer in the field of silicosis.

The rôle of the Committee will necessarily be a longterm one. The problems which it will try and solve within a supranational context have been the subject of research by some of Europe's outstanding scientists. It cannot hope to do more than stimulate research and accelerate a process, already under way, of consultation and co-ordination. But it can provide a means for more efficient and closer co-ordination in a field where this may lead to positive results in a relatively short space of time.

## NEWS BRIEFS

A British Parliamentary delegation, the second to visit the European Coal and Steel Community, met senior officials of the High Authority from March 9 to 11.

The group was composed of Colonel Crosthwaite-Eyre, John Eden, Viscount Hinchinbrooke, Aubrey Jones, Spencer Summers (Conservative), and William Blyton, Harold Finch, Jack Jones, Harold Neal and Joseph Slater (Labour).

Before leaving Luxembourg, the delegation issued a statement which said the group was «much impressed by the progress towards its goal of economic and social harmonisation and improvement that has been achieved by the High Authority within the short space of two years. Not only has a proper basis for the common market in coal and steel between the member countries been achieved, but arrangements for an integrated railway charge system covering the six countries have been formulated and agreed. In addition, a real start has been made to better the social life of all the workers in the industries concerned».

The statement went on: «We were glad to learn that our country has been asked to cooperate in providing the necessary technical information to help the High Authority in tackling the question of industrial diseases in the coal and steel industries».

«During our visit, we were able to discuss with Sir Cecil Weir and the British Mission matters arising from the Treaty of Association recently approved by the British Parliament and now awaiting ratification by the member countries. We were gratified to learn how much this Treaty of Association is expected to help the work of the High Authority. We shall return much better informed and thus better able to study the practical collaboration between the United Kingdom and the Community».

# THE HIGH AUTHORITY AGAINST THE TRUSTS

There is no industrial subject round which mystery and imprecision persist more stubbornly than that of cartels and concentrations. Even the words tend to be confused. It has become almost universal practice, in writing of the Ruhr, at least, to call concentrations «cartels».

Concentrations occur when separate companies come under one single control. The merger is the most extreme example. The power of concentrations to restrict competition depends on the size of their production relative to the total output on the market. Alternatively, it may derive from the privileged position they can seize in gaining access to supplies or in commanding outlets for their goods.

Cartels are formed when separate companies agree together on pricing or other policies which harm the consumer. Their restrictive power depends not only on the extent of their control over the market but also on their ability to discipline their own members.

It is true that beyond a certain point concentrations may reduce the number of firms to a degree where cartels may be facilitated. But that point needs careful definition.

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

The following report aims at explaining the High Authority's anti-Trust policy.

«Europe's first major anti-Trust law» is how the Community's Treaty powers against cartels and monopolies have repeatedly been described by M. Jean Monnet, the first President of the High Authority, and one of the principal architects of the Community itself.

The powers conferred upon the High Authority by the Treaty instituting the Community are indeed impressive. The two longest articles in the Treaty (65 and 66) forbid producers' agreement that may in any way restrict competition and permit firms to concentrate only if the High Authority finds that their concentration will not hamper the freedom of the market.

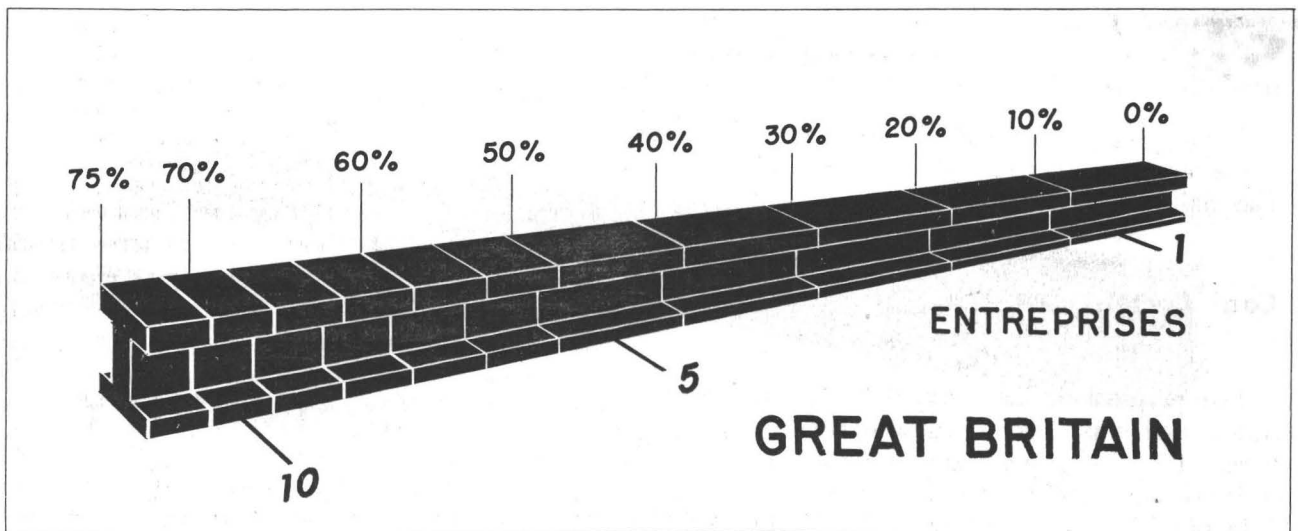
To make these aims effective the High Authority can fine firms taking part in a cartel up to 10 % of their annual turn-over -- and more over

shorter periods -- while it can even break up a merger by the forced sale of its assets. These penalties are higher still than those which the American Government can apply in anti-Trust decisions.

## Distinction At Law

Yet there are important differences in the lines of policy laid down by the Treaty towards cartels and towards concentrations.

Cartels are forbidden unless proved innocent: and of that innocence the High Authority alone can decide. The High Authority can authorise them only if they lead to a substantial increase in efficiency, are not more restrictive than is necessary to their immediate purpose, and do not confer on their makers power to prevent



These two charts show the number of firms controlling the major part of output in Britain and in the Community. In Britain 11 steel firms account for 75% of a total steel production of 19 million tons.

competition on the common market.

Concentrations, on the other hand, are presumed to be innocent unless the High Authority finds they distort the market. Accordingly, it must authorise them unless the newly formed companies to which they give rise can restrict competition or establish themselves in «an artificially privileged position»,

The reason for this difference is simple. Producers' agreements often, even usually, lead to restriction of trade. But modern technical developments require firms to expand in size, and concentrations are to be feared only when they lead to groupings of excessive economic power. The High Authority's policy is to encourage concentrations which lead to greater efficiency in production or marketing and to lower production costs.

### Concentrations

When the High Authority took over responsibility for the European coal and steel market, it found a situation where even the largest firms were of moderate size.

This was not the case before the war when the Ruhr was organised in a small number of great combines. The largest of these, the Vereinigte Stahlwerke, controlled over a third of all German output. But the Allies, in their deconcentration measure after the war, broke up these trusts, the only big ones existing in the coal and steel industries of western Europe.

Today, the largest firm in the Community, the ARBED combine of Luxembourg, with a production capacity of 2 ½ million tons a year, is no bigger than the largest British firm. It is much smaller than most medium-sized American steel corporations.

There is nothing in Europe to compare with the 36 million tons a year of United States Steel

or with the 18 million tons of Bethlehem Steel. No Community firm can aspire on account of its size to become the price leader on the common market.

### The New Face of the Ruhr

In the Ruhr itself the High Authority has inherited the structure left by the Allied High Command's deconcentration policy. The pre-war economic concentration in the Ruhr was partly a concentration of power, capital and influence in the hands of small groups of people, partly a technical concentration of coal with steel comparable to that of iron ore with steel in France.

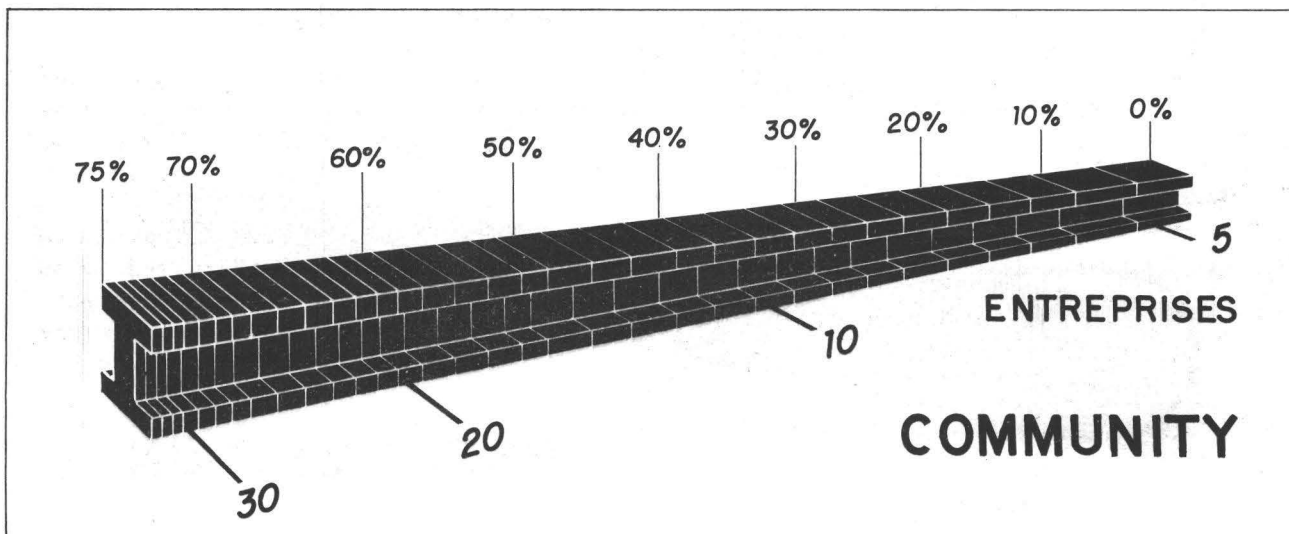
The policy of the Allies after the war was to end the power of the main shareholding families; to break up those combines which, like the Vereinigte Stahlwerke had a predominant position on the markets and to diminish the influence of the banks.

The holdings of the great families were partially dispersed. At the same time, the influx of foreign capital into the Ruhr since the war - 25 % of the shares in the Ruhr are now foreign-owned - has limited their influence.

The Allies have divided up the biggest combines. The most important deconcentrations are written into the German basic law which is specifically confirmed by the Paris and Bonn agreements defining Germany's future status.

Finally, the Allies sought, by introducing nominal shares, to diminish the influence of the great banks, which could hitherto automatically vote for small shareholders whose stocks were deposited with them.

Allied policy, coupled with changes, such as the growing influence of the managers, which time has brought to the structure of the industry,



In the Community 33 firms account for 75% of a total output of 44 million tons. The biggest firm, in the Community as in Britain, has an output of about 2,5 million tons a year.

has profoundly modified the face of the Ruhr. The member states of the Community agreed during the drafting of the Treaty that after the allied deconcentrations in the Ruhr no concentrations existed in the six-nation area large enough to endanger the common market.

### Three Regulations

For this reason the structure of firms formed prior to the Community's establishment does not concern the High Authority which has to authorise only concentrations occurring after it was set up.

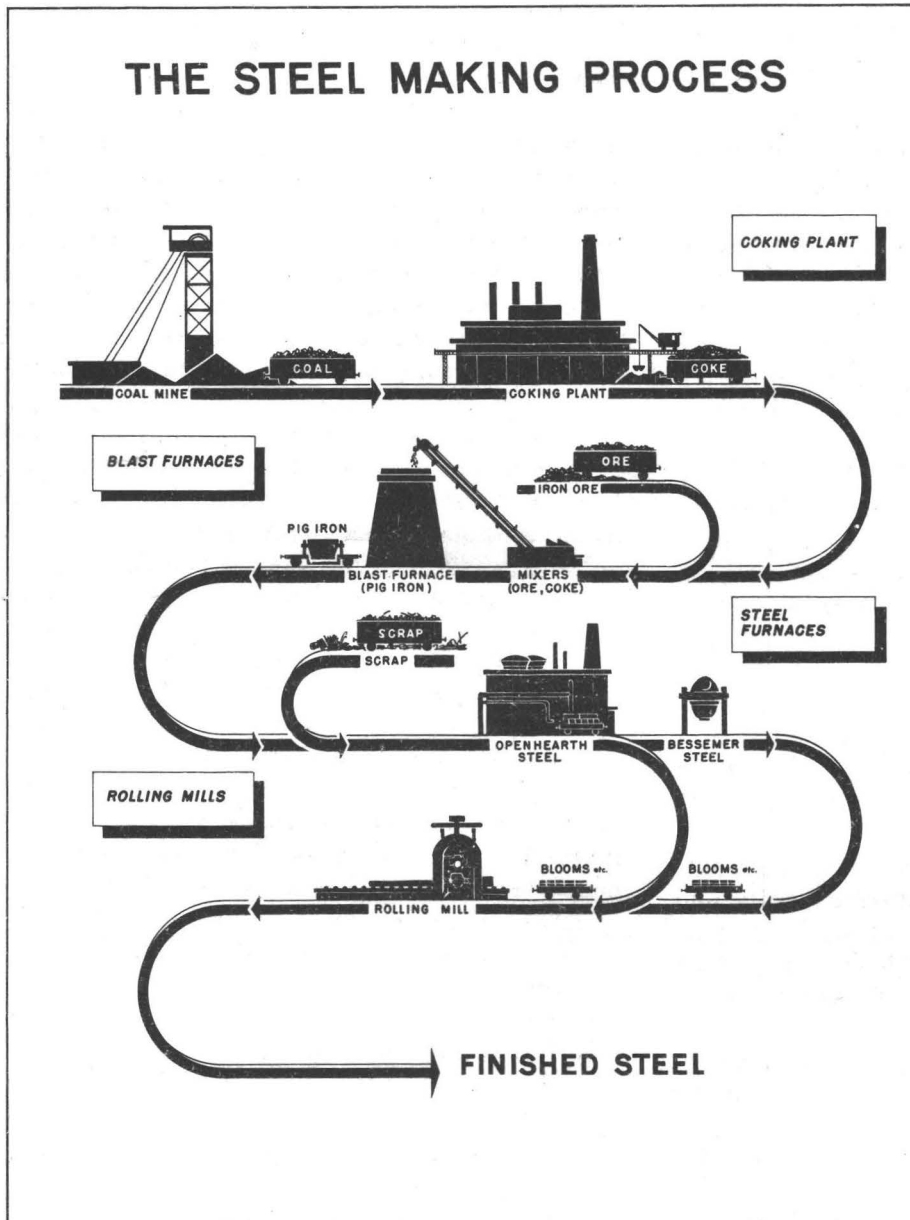
The High Authority's criterion is an economic one, whether or not it judges a concentration can distort the common market as a whole. It will authorise concentrations, in the Ruhr and elsewhere, which are technically sound and justified so long as they cannot considerably reduce competition.

On 6th May 1954, the High Authority issued three regulations, required by the Treaty, which outline its policy on concentrations.

The first defines the elements making for control of an enterprise. The second exempts firms forming small concentrations -- of less than about 40 % of the capacity of the biggest present steel combines of the Community -- from having to request the High Authority's authorisation. The third defines the kind of information persons outside the High Authority's jurisdiction must give.

These regulations outline policy only very generally. As every case of concentration presents particular aspects of its own, it would not have been wise to fix too dogmatically or too soon the line between concentrations which will be authorised or refused.

To cite a simple example of the complexities



The typical steel-producing «vertical» concentration combines all the processes shown here from the raw material to the finished steel. This illustration assumes that the concentration is based on coal as in the Ruhr. Where it is based on iron ore, as in Lorraine, the coal will usually come from outside; but the coking plant remains a feature of the scheme.

Part of the scrap used invariably comes from the plants' own resources, from on-the-spot recuperation.

A 3-month scrap reserve is usually considered to be the minimum requirement, with some plants stocking up to 6 months ahead.



involved : a firm with a capacity of 2 million tons producing all kind of steel will probably not distort the market. But another, producing 1 million tons of one kind only, might quickly seize a dominant position on the market for that kind.

The High Authority has therefore judged it preferable to develop a kind of case law on concentrations, based on the study of particular requests. Its policy will therefore unfold through specific cases, not through general judgments. This is more akin to the British and American legal approach than to the traditional European one.

### **Trend Towards Greater Concentration**

The High Authority has so far examined 14 cases of concentrations, and agreed to seven in France, Germany, Belgium and Luxembourg.

The other seven are still under study.

These requests confirm a trend which has long been evident: there are many forces working towards greater concentration in heavy industry.

The technical development of the last decades for instance that of the continuous strip mill, push firms to concentrate which could not otherwise mobilise the necessary investment funds. It is becoming uneconomic today for plants producing all kinds of steel to have an output of under a million tons.

Specialised producers, who today have to make formidable investments, necessarily tend to diminish their risks by ensuring their outlets through various forms of concentration with the transforming industries.

These have been among the main forces bringing about the numerous post-war mergers which have, for instance, completely changed the structure of the French steel industry, in which six combines with an average productive capacity of 1,500.000 tons each now control 65 % of capacity.

Though the same tendencies undoubtedly exist in the Ruhr, the requests for reconcentration so far received by the High Authority do not in practice greatly change the pattern of competition there.

Mannesmann has reconcentrated its holdings, about 1 ¼ million tons of steel capacity and 6 million tons of coal. But, under the Allies, the mines and the steel company were linked together by 15-year contracts amounting to virtual concentration in the classic manner of the vertical trusts combining coal and steel.

The Phoenixhütte, producing steel, and the Rheinrohr works, producing tubes, two of the 18 component plants of the pre-war Vereinigte Stahlwerke, are merging. But they had, under the Allies, combined their boards of management. The High Authority found there was no

occasion to authorise or not to authorise a concentration, since they had in fact amalgamated before and did not endanger steel competition.

Another concentration authorised in the Ruhr is of quite another kind. The biggest German mine, Hibernia, which is state-owned (capacity 11 million tons) and a small neighbouring colliery producing 1 million tons, combined. The neighbouring colliery had coke ovens but had exhausted its coking coal. By extending its galleries underground into Hibernia's seams, it could obtain the coking coal it wanted at a saving of many million dollars of investment.

### **Common Market Induces Concentrations**

The common market itself has encouraged concentrations.

Some are «supranational» concentrations. Italian or French interests, for instance, can now gain by investing in German coal to help ensure their raw material supplies.

Previously ownership did not guarantee for a foreign owner that export restrictions would not prevent delivery. Now, on the common market, there are no more export restrictions. Thus a French steel group, Sidechar, has bought a large interest in the Harpener mines in the Ruhr, which formerly belonged to the Flick combine.

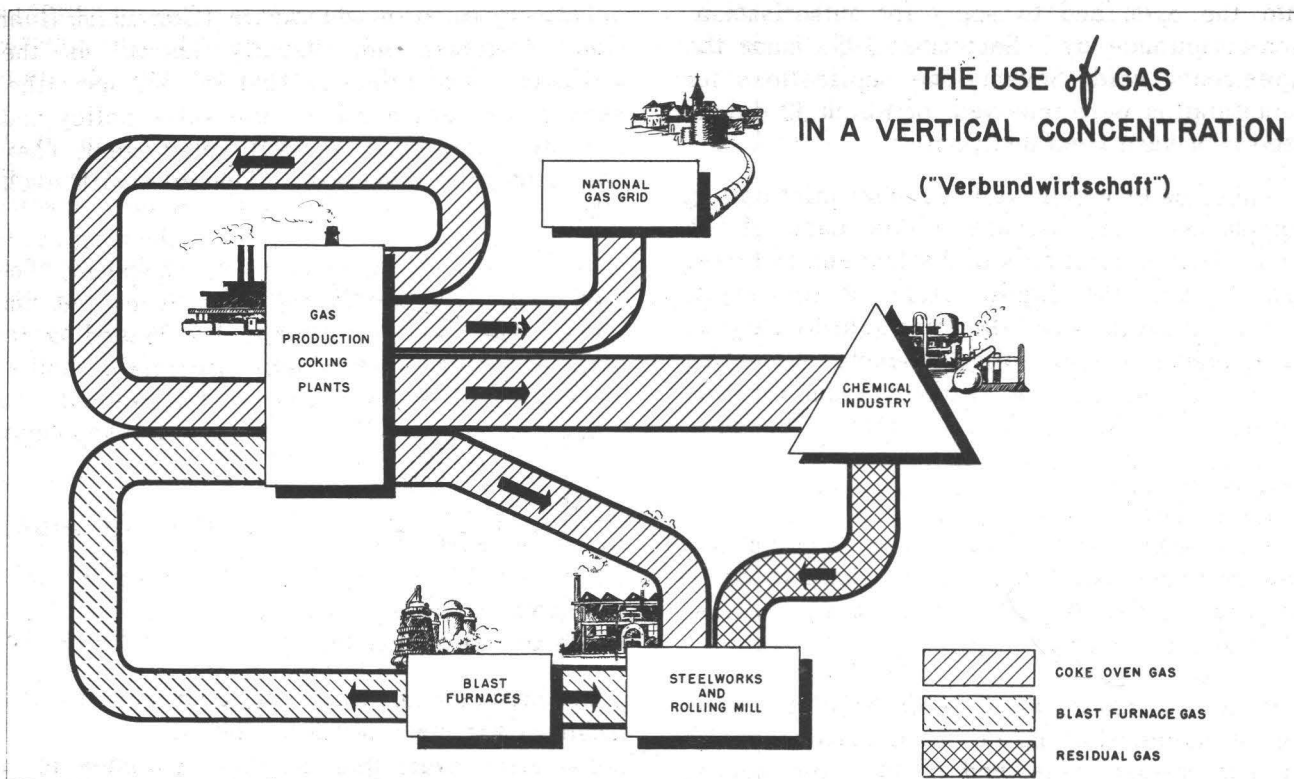
Other concentrations are due to the new trading conditions brought about by the Community. A clear case authorised by the High Authority is the Ateliers et Forges de la Loire, a new group of special steel producers in central France, which was created to ensure the survival of these forms against the keener competition of the common market (see Bulletin Vol. II, No 3, «New Deal for French Steel»).

The prospect of greater competition may also have speeded the Community's first cases of a concentration between big steel producers: John Cockerill and Ougrée-Marihay in Belgium. Their principal plants stand back-to-back beside the river Meuse near Liege.

They have asked to merge, claiming their need to rationalise production and save heavy investment expenditures. Their combined capacity amounts to 2 million tons. As each of them is controlled by a holding company, the links so created need to be studied by the High Authority, to examine the indirect effects of the concentration in developing a privileged position for the whole group.

### **Cartels**

The tendency towards greater concentrations is being encouraged also by the impossibility of forming cartels or of getting governmental protection under the Community's new dispen-



One of the great advantages of concentration in reducing costs of production is that it makes possible a more efficient use of power. The coking plant, which produces not only coke but coal-gas rich in chemicals, is the centre of the system.

These coal-gases, especially in the Ruhr where the technique is highly developed, are a basic raw material for the chemical industry; they feed the national gas grid; and fire the steel furnaces as well as the coking ovens themselves.

The coke, when heated in the blast-furnaces, gives off additional, though poorer, «residual» gases which are mixed in with «rich» gases to fire the coking ovens and steel furnaces, which also use the «residual» gases of the chemical industry.

In this way the same gas is used again and again so that the exceptionally high proportion of 90% of the power potential of the coal originally fed into the coking ovens is finally extracted.

sation. The only effective means for a firm to assert its position on the market is to strengthen itself, if necessary by mergers.

Before the war the steel industries sought to protect themselves against competition by a formal international cartel. Today cartels are outlawed on the common market and menaced by very severe penalties.

A common market uncontrolled by the High Authority would certainly have encouraged a «supranational» steel cartel. But no new cartel has been organised on the common market, though there is little doubt that prices are fixed after informal consultation between the producers.

The evidence of the recession of 1953 is that the resulting price coordination broke down when demand slackened. The opening of the frontiers in the common market led, when demand reached its lowest point in January 1954, to considerable competition in the consumer's favour.

A similar conclusion seems to apply to the «Brussels Entente», or so-called «export cartel» to which the Belgian, Luxembourg, French and

German producers belong. Though the High Authority has relatively few direct powers over the export market, the inability of the producers to fix quotas or impose penalties on violators of the agreements without flouting the High Authority has made it hard for the agreements to be turned into an effective organisation. The Entente seems to have submitted to and not initiated changes in export prices; investigations, for instance, into the pricing of Community exports to Denmark have not unearthed inequitable pricing to any significant extent.

One of the principal practical effects of the Community may well be that it is preventing the growth of an organised European steel cartel and the restoration of the pre-war pattern of industrial relations.

### Agreements Unearthed

The High Authority began its action on cartels in July 1953. It issued a decision bringing into force the prohibitions laid down in the anti-cartel article (Article 65) of the Treaty. This compelled producers to bring their agreements

into the open and to apply for authorisation. Non-compliance by 1 September 1953 made the agreements void. Seventy-one applications for authorisation were received, of which 32 did not need it or have been dealt with.

Those dealt with have been miner joint selling agreements, for instance within each of the minor German coalfields of Aachen and of Lower Saxony and the lignite field of Helmstedt. Another case involved the joint sale by Belgian steel plants of their rolled products, amounting to 3% of the common market production, too little to enable the firms to determine prices or restrict distribution.

Essentially, these agreements involve the use by small firms of the sales organisations developed by bigger neighbours where it would be too costly to build up separate outlets. They are not important cases.

In a few cases, small national cartels, recognising they had no power to subsist on the common market, dissolved of their own accord when it was opened. Likewise some semi-official agencies, such as the Dutch State Coal Office, were dissolved by their governments.

In other cases, the High Authority has taken action. Early in 1953, it required the ending of the national purchasing and distributing agencies for scrap iron in France, Germany and Italy. In July 1953, it issued a cease-and-desist order to a large coal-selling organisation in Southern Germany that had been restricting the market.

Last January, it requested the Luxembourg Government to modify the statutes setting up the State Coal Importing Office which, though not a cartel, is considered incompatible with the common market. The Luxembourg Government is appealing to the Court of Justice against the High Authority's claim that the Office is allocating Luxembourg coal supplies.

But the High Authority recognises that all these actions, though important, are marginal. The main anti-cartel actions are still under way.

## Coal Cartels

The problem of the coal cartels is the most urgent and must take first place. The common market for coal is patently dominated today by national sales and buying monopolies.

In the Ruhr, which produces half the Community's coal and up to four-fifths of its coke, six sales agencies are controlled by the Gemein-

schaftsorganisation Ruhrkohle (Communal Ruhr Coal Organisation), usually known as the «GEORG». The effect is that the six have the same price lists and the same sales policy and in many places even the same sales agent. They can hardly be expected to compete with each other.

In France, the agency set up by the government, the «Technical Association of Coal Importers» - the «ATIC» - enjoys a complete monopoly of the purchase of imports on behalf of a number of regional importers' cartels.

The High Authority must now strip these and their sister organisations, like the Belgian «COBECHAR», of the power they have developed to influence prices and allocate sales. Until they have been divested of these powers the common market cannot guarantee consumers a free access to supplies.

Discussions are now in progress over the future of the coal cartels. The talks are at the substantive stage and the High Authority is in contact not only with the coal producers, but with the trade unions, consuming industries and governments of the member states.

In the coming month the coal organisations on the common market will have to be modified. If they do it themselves they will have to request the High Authority's authorisation for the new set-up.

*When the High Authority has dealt with the coal cartels it will have to tackle those governing the other products of the common market. Its aim is to eliminate existing illicit market practices before the end of the official five-year transitional period of the Community and to confirm the new forces of competition already released by the common market. When the power of the cartels to restrict that competition has been broken the common market will correspond to the market system envisaged by the creators of the Community.*

*The High Authority's task in this field will then be that of the watchdog of the market for which the Treaty cut it out to be. It will have above all to prevent the recurrence of the cartels in period of diminishing demand.*



## LETTER FROM GERMANY

We publish below a letter from a correspondent, Waldemar LENTZ, describing the attitude of German industry to the European Community for Coal and Steel.

Many of the assumptions voiced about the common market, the High Authority's attitudes and the American loan will be seen by the reader not to accord with the High Authority's own estimates of its policy or of the Community's situation.

The High Authority can accept no responsibility for the views expressed in this article which is printed solely for its interest as a report on a particular point of view, as expressed at the beginning of April 1955.

---

The German Federal Republic, measured by population and production, is the biggest country in the Community. It is a common boast with German politicians that Germany's will for a united Europe is greater than that of other countries. But German industrialists generally hesitate a good deal when asked about the results of the European Coal and Steel Community. These hesitations, however, detract nothing from their general support for European unity.

### Points generally accepted.

1. The services of the Community to German industry from a historical standpoint:

After the war, the Ruhr was put under an inter-Allied Authority which laid down production and export quotas. Thanks to the establishment of the Community, Germany was relieved of this arrangement.

Recognition of this point is generally qualified by the observation that the Americans would in any case have insisted on the liquidation of the Ruhr Authority before long.

2. «De-cartelization» has been largely stopped:

One typical feature of industry in the Ruhr was «vertical trusts» (association of firms which tied up all stages of production from mining to the processing of the steel through the ownership of shares in one another's concerns). After 1945, the Allies decreed the compulsory sale, by a dozen or so big combines such as the Thyssen, Mannesmann and Vereinigte Stahlwerke concerns, of their shares in their subsidiaries. The Paris Treaties have not made much difference to this state of affairs, somewhat to the chagrin of the German industry. However, with the authorization of the High Authority, it has at any rate been possible to reinstate some of the traditional combines. (The Treaty allows concentrations, provided they are not of a kind to dominate the market). This fact is recognized with gratitude, but this recognition is usually accompanied by the question whether the principle of nondiscrimination

will be maintained in regard to concentrations. In other countries (i.e. France, Belgium and Luxembourg), it is pointed out, there are considerably bigger concentrations than in Germany. \*

3. On the other hand, it is recognized that if it were not for this permission to reacquire former subsidiaries, there would be a still larger proportion of non-German firms in the industry. (Some 25% of the Ruhr is at present in non-German hands. The Harpen-Union mine, with an annual output of 10 m. metric tons, recently passed under French ownership, and the Constantin mine under that of Italian State Railways).

In principle, there is no objection to this infiltration, but it is felt to be regrettable that the process should be so one-sided. The view is expressed that there is hardly any opening for German participation in the industries of other countries: the French coal-mining industry is nationalized, and the concentration of the French steel industry has been completed.

To sum up, the German industry recognizes that, thanks to the Community, it has gained freedom of movement and equal rights - only with certain small blemishes.

### Apprehensions which have proved baseless.

The year in which the Community was established was marked by a shortage of coal. It had been feared that, in consequence of the introduction of the Common Market, the other countries would pounce upon Ruhr coal, and the German consumer have to go short. The coal surplus which prevailed for a time last year showed that the pessimists were wrong.

Jean Monnet's statement that since the Community was established Europe has had fewer fluctuations in trade, is accepted. The experts - every German firm of any size has the ambition of having at least one expert on its staff - are not quite sure why, but they do admit that there is, in fact, greater security against crises.

The objection is, however, always immediately raised that, logically, there cannot be a real Common Market so long as it is limited to coal and steel. There must also be, as a minimum, convertibility of currency, and, in theory, also a transport community and a levelling of financial burdens. It is, however, conceded that the heated controversy over the discrepancies in taxation on German and French exports respectively has died down now it has become a matter of scientific research, in spite of a good deal of initial sound and fury.

---

\* Editors note : So far the ARBED corporation of Luxembourg is the only combine in the Community bigger than the biggest of the deconcentrated Ruhr firms.



There is another objection which one no longer hears voiced, namely, the contention that the German industry was under a handicap because the French had been able to modernize their industry in peace before the Community was established. This, it was held, was the only reason why French steel, for instance, had been able to gain a foothold in Southern Germany. Today, with steel in great demand, the German industry is not displeased. Besides, it is pointed out, Germany will only now be getting properly started with its modernization. (Moreover, as the joint export organization shows, the Community steel industries get on excellently with one another).

Finally, the executives of the industrial associations are as a rule loud in their praise of the increase in trade between the different countries.

### Reservations

There is less enthusiasm regarding one or two of the other things on which the High Authority plumes itself.

The American loan, since it amounts to a mere \$100 m., is rather poorly thought of. On the other hand, the industrialists «pass without comment» over the wish of the Americans not to see the loan spent on the modernization of the steel industry: given the continuation of the Common Market, it is considered that the European steel industry might well compete successfully with the American.

The High Authority is of the opinion that thanks to the low rate of interest (4¼ %) it has brought about a general lowering of interest rates in some Community countries. It is felt, however, that, in Germany, this reduction would in any case have taken place. Private savings in Germany have gone up by DM 5,000 m. in a single year, and the tax reform has also had a good effect on the capital market. Approval is expressed in regard to the High Authority's intention to make available funds derived from the levy as low-interest loans.

The enforcement of **free competition** is welcomed, as it is considered to exert a constant pressure on prices. But it is not felt to be necessary in Germany as an inducement to modernization. It is, as they say, in the nature of the German industrialist to have «the same propensity to perfectionism as the German savings investor has to ant-like optimism and activity».

It is no longer considered likely that the German coal selling cartel, GEORG, will be offered up as a sacrifice to free competition. After the failure of EDC and the European Political Community, the High Authority is no longer considered strong enough to demand this. And why, it is asked, should a German cartel be suppressed when the French coal cartel goes untouched because it is nationalized?

### The Ruhr on the Fringe

There are other points on the programme which German industry customarily considers in comparison with France. The levelling of economic legislation is approved, but it is feared that there will be considerable disagreement should France propose to the other member States the introduction of, for instance, the sliding scale for wages, or the generalisation of its own system of family allowances.

The levelling of transport tariffs, too, is felt to be a sacrifice. As a result of the standardization of



Waldemar Lentz, a correspondent of the German newspaper, «Das Parlament», who contributes a «Letter from Germany» to the April issue of the Bulletin from the European Coal and Steel Community. He is photographed in the Council of Europe library at Strasbourg.

tapering rates, French steel would, it is feared, gain a still firmer foothold in Southern Germany, but the same would not be true of German steel in France. The French, Belgian and Luxembourg industrial basin, they say, is planted midway between the Ruhr and France proper - the Ruhr is on the fringe of the Common Market. A correct balance could only be established by the reunification of Germany, when the Ruhr would regain its natural outlets eastwards. To offset the disadvantage of its peripheral position, it is argued, the Ruhr is obliged to defend the advantage it derives from its position close to the Rhine and Ruhr waterways.

This desire is among the reasons at the bottom of the German dislike for the idea, now some eighty years old, that a waterway might be opened up for the French industrial belt in Lorraine by the canalization of the lovely Moselle valley.

## NEWS BRIEFS

The «Unternehmensverband Ruhrbergbau», the large German coal producers' Association, has appealed to the Community's Court of Justice against the High Authority's recent decision to fix maximum prices for coal in the Ruhr.

The complaint, lodged with the Court on May 14, and communicated to the High Authority on May 18, asks for the annulment of High Authority decision no. 12/55, on the grounds that the Treaty recognises that, in the High Authority's price policy, the amortization, depreciation and production costs of coal producers should be taken into consideration.

The German coal producers complain that the High Authority has not taken these costs sufficiently into consideration in fixing maximum prices in the Ruhr and allege a «patent disregard for the rules of the Treaty».

The High Authority will, according to the usual rules of procedure, forward written observations on the complaint to the Court of Justice by June 18.

## BELGIAN COAL REFORMS

The High Authority and the Belgian Government have decided on drastic measures to make Belgium's coalmines competitive in the Community's common market.

The problem of Belgium's high cost coal production has been described in a previous issue of the Bulletin (« Belgian coal and the Community », December 1954, Vol. II, No 2,). Today Belgium's collieries can sell on the common market because they benefit by a subsidy from the Community's « equalisation fund ». But this will fall steadily from 1956 onwards till it ends in 1958.

Now the High Authority and the Belgian Government have decided that mines which can already stand on their own feet will henceforth not receive the subsidy. This affects three big mines in the Campine coalfield.

Further, anthracite coals, in which Europe is short and the demand for which is steady, will no longer be subsidised. The prices of anthracites will be freed.

These two decisions end subsidies for an estimated fifth of Belgian coal production. Their effect will be to increase the funds available for collieries which may hope to become competitive if they invest and reorganise sufficiently.

The Belgian Government has agreed to a High Authority request to facilitate the financing of investments at low rates of interest (current plans for the modernisation of the coal industry have been held up so far by shortages of capital); and to cooperate in withdrawing the «equalisation» subsidy from firms failing to make investments or refusing to participate in the rearrangement of concessions in ways necessary to permit lower production costs.

The High Authority and the Belgian Government are, during the transitional period, jointly responsible for payments from the Community's «equalisation fund» and therefore are involved together in policy for the Belgian mining industry.

They are still working out their decisions on the mines in the Borinage coalfield which studies have shown can never be profitable. These condemned pits have an output of about 1½ million tons - against 30 million for the industry as a whole.

The main problem raised in these pits is the resettlement of about 1,500 of the miners in them - those who will, it is expected, find it difficult to obtain alternative jobs. The Community must aid them - either by ensuring that they do not lose wages during the reconversion period or by providing them with facilities to train in new skills or move to new areas.

The High Authority has agreed in principle to give 200 million Belgian francs (\$4,000,000) towards this «resettlement»; an equal sum is to be provided by the Belgian Government. Final agreement is being held up by questions over whether the whole of this sum can properly be held to count as a «resettlement» grant. If not, the High Authority will require the agreement of the governments of the member states of the Community to be able to release some at least of the proposed funds.

### NEWS BRIEFS

The Italian Government has informed the High Authority that the Treaty establishing the European Coal and Steel Community now applies to Trieste territory as from December 21, 1954.

The extension of the High Authority's jurisdiction to Trieste, a consequence of its restitution to Italy, was reported in the Community's «Official Gazette» recently.

The High Authority has decided to allocate \$ 200,000 for the purpose of assisting research in rolling mill tests, for a comparison of working processes among different steelworks of the Community. Results of this research will be published.

This is the first practical step in technical research in the iron and steel industry, which would have been impossible in a national context.

Two steel works, 12 rolling mills, 15 laboratories and two research centres in the six countries of the Community will take part in the research tests.

M. Albert Coppe, one of the two vice-presidents of the High Authority, and M. Max Kohnstamm, Secretary of the High Authority, each spent one week in April in the United States lecturing on the Community to journalists, members of the Council of Foreign Relations and university audiences. M. Coppe addressed the National Press Club in Washington on April 20 and had talks with Mr. Herbert Hoover, the Under-Secretary of State.

## PROGRESS REPORT: ADMINISTRATIVE OBSTACLES TO TRADE

Normally, the number of formalities to be observed by shippers sending freight across national frontiers in Europe is greater than most laymen would ever believe. Even within the common market, these «administrative obstacles» have tended to live on after the system which gave birth to them has been ended.

As a result, it is still harder to sell across a frontier within the common market than inside a national territory, even though the fundamental barriers to such trade have gone.

The «administrative obstacles» are of various kinds. There are export and import licences which still have to be filled in «for statistical purposes» or for the information of national foreign exchange bureaus. Governments must automatically grant licences to Community shippers. But administrative procedure may hold up the granting of these licences so that, as French producers complained in 1953, when competition was keen, delays result in the loss of contracts.

Sometimes administrative costs have to be paid to government agencies when a frontier is crossed. A «statistical tax» of 1%, for instance, existed in one Community country; another still levies its

½% administrative tax - which is a general tax applied to all incoming goods - to Community products.

Finally, there was, and is, much duplication of paper. Every time a frontier is crossed separate declarations must be prepared for the customs officers on either side of it.

The Treaty gives the High Authority no direct power to eliminate these obstacles. Nevertheless, last year, using information supplied by Community producers, the High Authority began discussions with the member states on ways to simplify administrative procedures.

The High Authority proposed in particular that licences should be ended since the grant of them implies that governments have a right of control over the delivery of goods through the common market. A declaration for the information of exchange and statistical bureaus could be substituted for the licences. Except in France, most of the licensing orders that can go are being eliminated and the ending of the others is under study. \*

Similarly, a few only of the extra administrative costs of routing goods across a frontier still subsist. For instance, the «statistical tax» of 1% mentioned above has been ended. The High Authority is now pressing for the disappearance of those which remain.

There remains the problem of the excessive number of forms «in triplicate» - or more - which have to be prepared for the customs at every frontier. It is natural that Community goods should still be declared to customs authorities, if only to differentiate them from those on which duties apply. But the High Authority aims at persuading the member countries to adopt a single customs declaration which would be valid throughout the Community. A commission has begun to examine this question, which raises many legal and practical problems. The discussions are expected to take a considerable time.

If the High Authority's ambition is realised, shippers within the Community will have to produce only two basic documents: a customs declaration valid throughout the common market, and a declaration in lieu of a licence. Much paper, work, time and effort, costing money, would thereby be saved on every transaction.

Since the High Authority has no direct powers to enforce its aims, the ending of the administrative obstacles to the common market has to be done piecemeal, with the co-operation of the member states. But many of the obstacles have already been removed there is good hope that the others will follow. If they do go, it will be another example of the High Authority's ability, because of its position as the executive of the Community, to obtain results for which it has no precise mandate in the Treaty.

\* The Treaty provisions for the transitional period of 5 years before the full opening of the common market imply in certain cases that governments may have to licence the sale of Community products, particularly those imported from third countries during that time. This licensing cannot yet be ended.

### NEWS BRIEFS

M. Jean Monnet, the President of the High Authority, was host to Sir William Lawther, former President of the National Union of Mineworkers, Mr. Ernest Jones, the current President of the National Union of Mineworkers, and Mr. Arthur Horner, Secretary of the National Union of Mineworkers, at luncheon in Luxembourg on April 5.

The NUM officials were in Luxembourg for a meeting of the executive committee of the International Miners Confederation.

M. Paul Finet, Member of the High Authority and former President of the International Confederation of Free Trade Unions, was also present at the lunch.

The French and German Coal-selling organisations are encouraging domestic consumers to use more coal by making packaging dust and dirt-proof and more attractive.

Smart blue-uniformed attendants have been delivering coal in Paris in handy, dust-proof 30-pound cans. Similar cans have been displayed at the International Fair at Cologne at a coal stand where the varied use of coal were being demonstrated.



## THE WORLD'S MOST CONCENTRATED INDUSTRIAL REGION

It has been known for a long time that the «Triangle» of the Community, the area between the Ruhr, Lorraine and the North of France, contained a concentration of heavy industry «unique in the world».

M. Jean Monnet referred to it in his first speech as President of the High Authority, made at its inauguration on August 10th, 1952 :

«How can we help but be impressed when we consider the activities entrusted to the Community by this extraordinary concentration of iron and coal, by the density of the mining resources and industrial installations in such a limited area... Note how the basin of the North of France is prolonged into Belgium, how the Belgian coal mines fit together with the coal mines of Aix and the Ruhr; look at the Campine which is shared by Belgium and the Netherlands, and the same coal divided between the Saar and Lorraine, the same iron ore between Lorraine and Luxembourg ! ».

Recently, the High Authority's statisticians have measured this concentration of resources in comparison with that of other major industrial regions in the United States, Britain and the Soviet Union.

These four producers account for over three-quarters of the world output of coal and steel. In

the larger ones the mines and plant tend to cluster in relatively tiny areas : the Community's «Triangle» is paralleled in the United States by the Pennsylvania-Ohio-West Virginia basin; and in Russia by the Ukraine-Donetz region (the new industrial belt of Siberia is more widely dispersed).

The tables below show that the Community's «Triangle» is the most densely covered by the basic industries on the map, though, in proportion to population, production is higher in the Pennsylvania region of the United States.

This fact is not, of course, academic. Such a great concentration in so small an area gives a tremendous start to the industries within it in obtaining lower production costs : they transport their raw materials relatively small distances.

National frontiers have reversed this natural advantage possessed by Europe. To quote once more from M. Monnet's inaugural speech :

«By erasing the divisions which men have arbitrarily made, we are today recreating the natural basin whose unity they have broken and whose development they have limited».

It is one of the most powerful arguments for a European common market in coal and steel.

	Community Triangle	England and Wales	Pennsylvania Ohio & W. Virginia	Ukraine and Donetz
Area (thousand sq. miles)	1953 27	1953 58	1953 109	1938 105
Population (millions)	30	47	21	23
Production of Coal (million tons)	220	190	263	73
Production of Raw Steel (million tons)	31	16	52	9
Production of Iron Ore (million tons)	48	16	6	17

## THIRD GENERAL REPORT ON THE ACTIVITIES OF THE COMMUNITY

The High Authority has published its «Third General Report on the Activities of the Community» (12 April 1954 - 10 April 1955).

The 200-page report is published in English as

well as in the four official languages of the Community. It is on sale in Great Britain at H.M. Stationery Office, Post and Trade Section, Cornwall House, Stamford Street, London, S.E.1. (price-7/-).