

The
EUROPEAN
Coal and Steel
COMMUNITY

THE FACTS

POLITICS

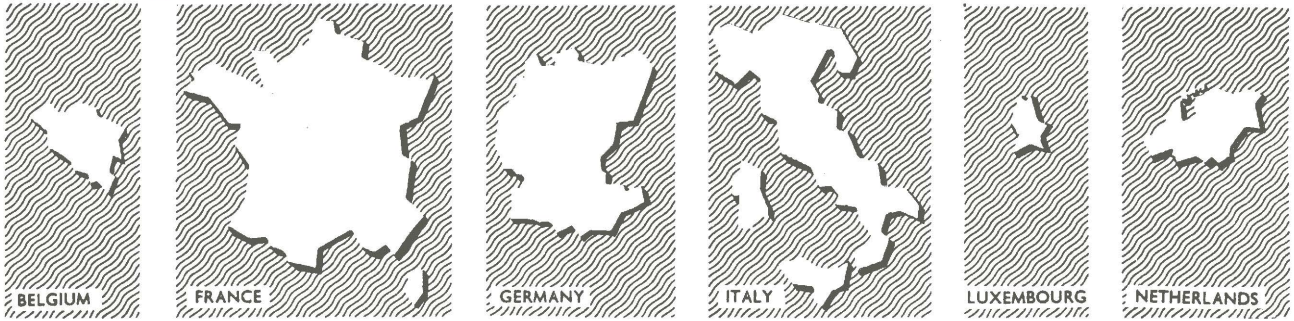
INSTITUTIONS

ECONOMICS, FINANCE
AND LABOUR

INFORMATION SERVICE
HIGH AUTHORITY
LUXEMBOURG

SEPTEMBER 1956

DIVIDED



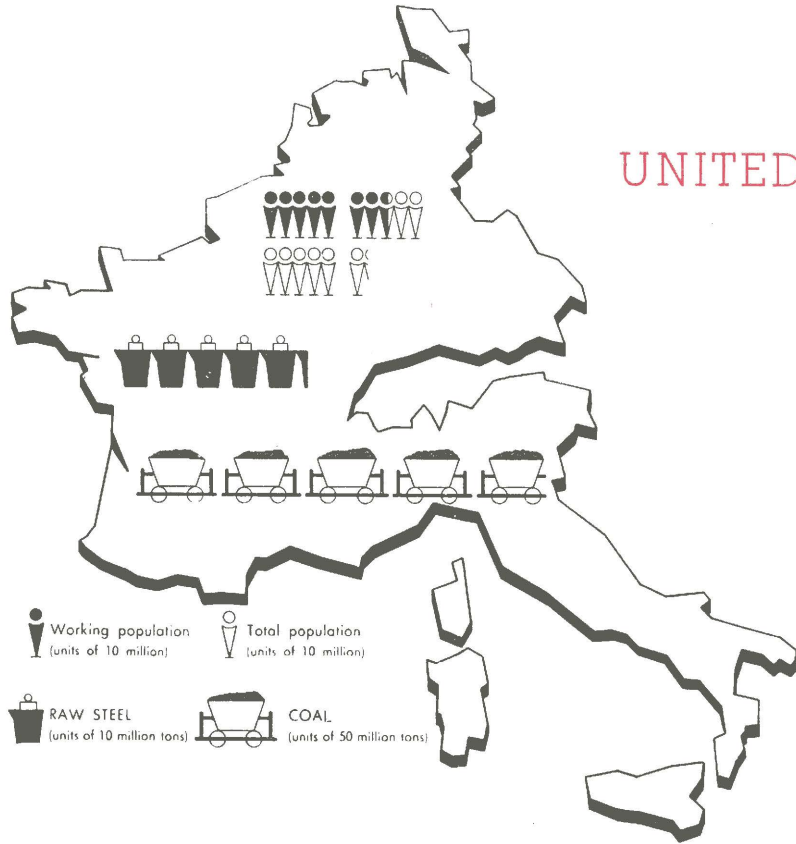
population 8,800,000 | population 43,000,000 | population 49,300,000 | population 47,500,000 | population 300,000 | population 10,500,000
 area 12,000sq. miles | area 212,000sq. miles | area 95,000sq. miles | area 116,000sq. miles | area 1,000 sq. miles | area 12,500sq. miles

The **European Coal and Steel Community**, including the Saar, covers an area of 449,000 sq. miles. In this area live 162 million people — roughly as many as there are in the United States.

The active working population of 76 million is greater than that of the United States.

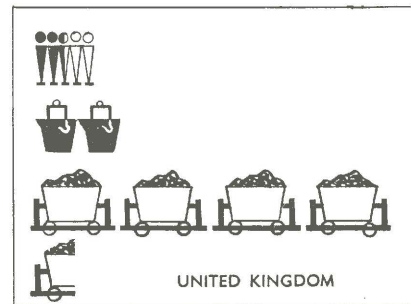
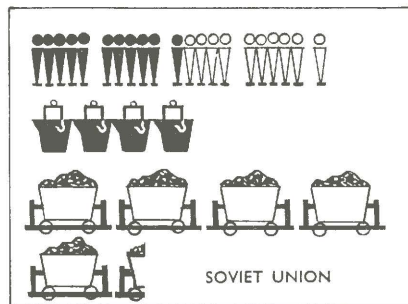
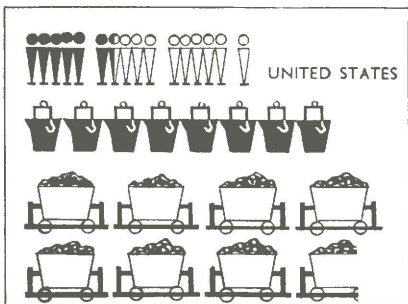
The Community produced in 1955 a record 52.7 million metric tons of steel and a post-war peak of 246.4 million tons of coal. It shares with Russia the world's second place in output of these products. The Community's 145 coal undertakings control 459 pits; its 355 steel companies operate 455 iron and steelworks; iron-ore mines number 188.

UNITED



SOME COMPARISONS:

	ECSC	USA	UK	USSR
Area (sq. miles thousands)	449	3,000	94	8,600
Population 1954 (million)	162	163	51	216
Active working population 1954 (million)	76	67	24	113
Steel production 1955 (in million metric tons)	53	106	20	45
Coal production 1955 (in million metric tons)	246	449	226	295



What? The Community is the first truly European government with federal institutions. It exercises sovereign powers over the coal and steel resources of six nations:

- BELGIUM
- FRANCE
- GERMANY
- ITALY
- LUXEMBOURG
- NETHERLANDS

In the Community the coal and steel resources of the member nations are pooled in a common market and are subject to common rules administered by common institutions acting in the interests of the Community as a whole.

Why? — to create a single market for the basic commodities of coal and steel throughout the area of the member states.

— to raise the standard of living by encouraging an expanding economy through competition on a wide market.

— to ensure the continuing expansion of production by smoothing out maladjustments, notably social ones, raised by the process of economic development.

— to take the first step towards a United States of Europe.

With whom? *“Our Community is not closed upon itself, but on the contrary open to all who wish to join”*

JEAN MONNET

Association



GREAT BRITAIN

The joint aim of the High Authority and the British government has, from the High Authority's day of inception on 10 August 1952, been a “close and enduring association” between the United Kingdom and the Community. An agreement signed on December 21, 1954 provides for continuous consultation at the highest level. This takes place in a Council of Association composed of representatives of the British government and of the High Authority. The task of the Council, which held its first meeting on November 17, 1955, is to lower obstacles to trade and co-ordinate action especially on long-term development and in times of boom or slump.

A British delegation was accredited to the High Authority in Luxembourg in September 1952. It is headed by Sir William Meiklereid, K.B.E., C.M.G.

Foreign Delegations accredited to the High Authority



UNITED STATES

accredited 2 September, 1952, status raised to Mission when Ambassador W. Walton Butterworth arrived in Luxembourg as Head of Mission on March 16, 1956.



SWEDEN

accredited 10 December, 1952



NORWAY

accredited 27 March, 1953



SWITZERLAND

accredited 1 April, 1953



DENMARK

accredited 17 April, 1953



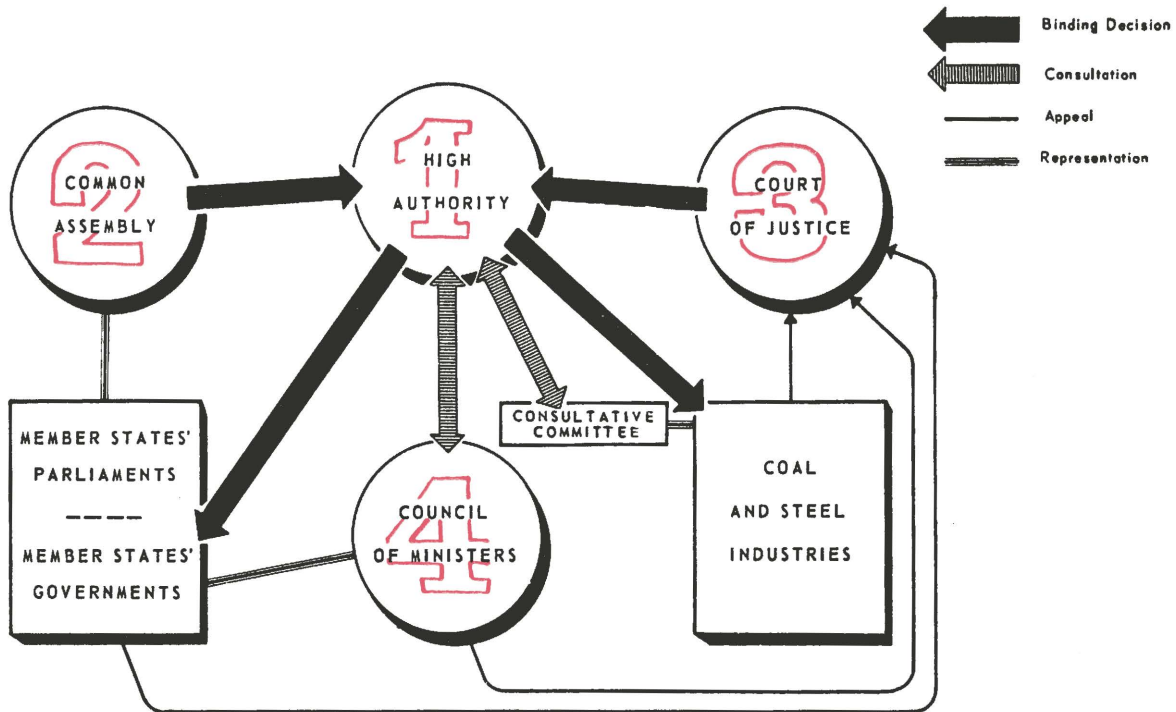
AUSTRIA

accredited 19 May, 1953



JAPAN

accredited 20 October, 1954



The Treaty creating the Community established it for a fifty-year term, with a government made up of:

HIGH AUTHORITY

— a nine-man Executive, assisted by a 51-man **Consultative Committee** composed of producers, workers and consumers in equal numbers.

The **High Authority** must:

— establish and maintain the common market by levelling frontier barriers and doing away with all trade restrictions for coal and steel among the member nations;

— develop the common market, in particular by facilitating the financing of investments and by stimulating research;

— guarantee the smooth progress of the common market, and of technical advance, notably by helping workers threatened with unemployment as a result of the reorganization and modernization of enterprises competing on the common market — this is done by partially financing technical retraining; or by helping workers, through reinstatement allowances etc., to move to areas where jobs are available and by payment of “tiding-over” allowances; or by the setting up of alternative industries on the spot where no other remedy is feasible;

— finance its activities by imposing a levy of not more than 1% on the value of the Community’s coal and steel production;

— enforce Europe’s first major anti-cartel law, backed by the power to impose on violators fines of up to 10% of their annual turnover.

The High Authority began work in Luxembourg, the provisional headquarters of the European Coal and Steel Community, on August 10, 1952

2
COMMON ASSEMBLY — a 78-member parliament, whose members are at present elected by and from the legislatures of the member countries. The High Authority must report annually to the Assembly, which can oust it on a vote of censure, voted by a two-thirds majority.

3
COURT OF JUSTICE — a tribunal of seven judges having sole power to decide whether decisions of the High Authority should be upheld or quashed. No national court has jurisdiction in these matters. The Court's judgments are directly binding on all parties, whether individuals, enterprises, national governments or the High Authority itself.

4
COUNCIL OF MINISTERS — representing the governments of the six member states; meets to harmonize overall national policies with that of the Community. The High Authority consults the Council before taking most decisions, and the Council gives its opinion, which is usually not binding. In some cases (e.g. investments outside the field of coal and steel) the High Authority may not act without the Council's majority agreement.

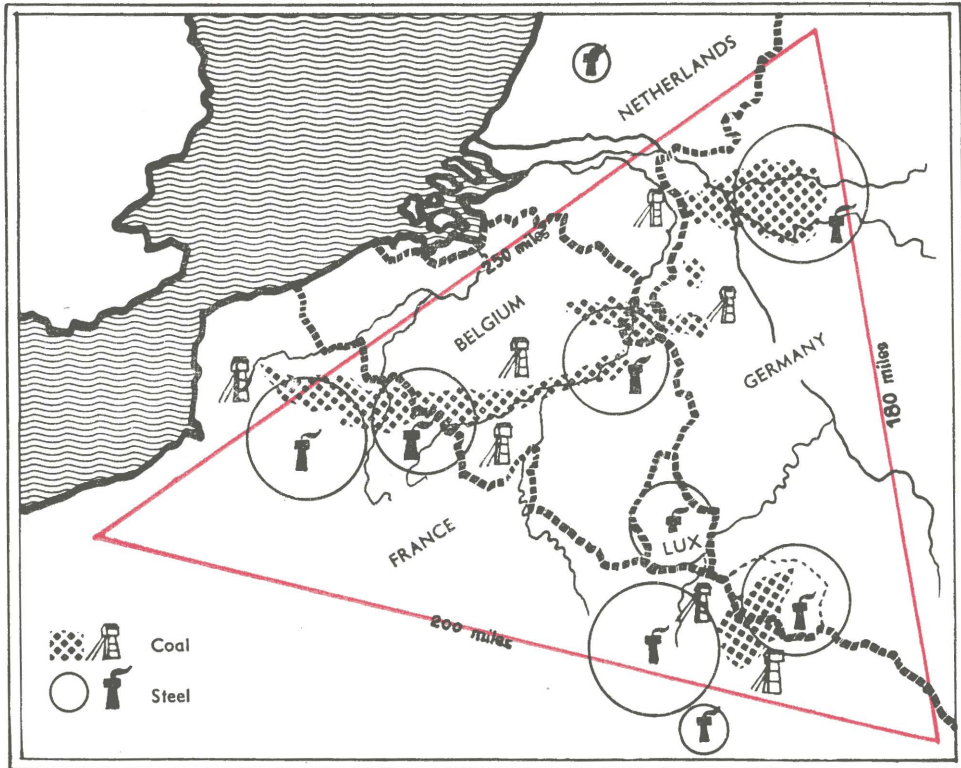
The Federal European Community...

HOW IT DIFFERS FROM AN INTERNATIONAL ORGANIZATION

- 1 — The High Authority can act without obtaining the prior approval of the governments of the member states.
- 2 — The High Authority's decisions are binding on the coal and steel enterprises of the Community without having to be embodied in national legislation or decrees.
- 3 — The High Authority has power to enforce its decisions directly against enterprises.
- 4 — The High Authority can fine firms violating Community rules.
- 5 — The High Authority's inspectors have the same powers of looking into company books as national tax inspectors.
- 6 — The High Authority can compel the national governments to enforce its decisions.
- 7 — The High Authority can sue and be sued.
- 8 — The High Authority has the power to levy and collect its own tax on coal and steel production.
- 9 — The High Authority is responsible for its policy not to the national states but to the Common Assembly.
- 10 — The judgments of the Court of Justice alone are binding on all parties within the Community, including the High Authority. They are final.
- 11 — The High Authority, the Court, the Assembly and their staffs are expressly prohibited from receiving any instructions or guidance from national governments.

The Triangle

The industrial heart of Western Europe is a triangle, each side of which is roughly 250 miles in length. It stretches from the coalfields of the Ruhr across those of Belgium to those of Northern France and is bounded in the South by the coal and iron-ore fields of Lorraine, the Saar and Luxembourg. This small area produces about 90% of the coal and 70% of the steel of the Community.



The Community - a single Unit

None of the member countries of the Community is self-sufficient. Germany produces only half the iron ore her blast furnaces need. France buys a third of her coal and half her coke from the Ruhr in particular. Belgium and Luxembourg export more than two-thirds of their steel production on world markets but depend for iron ore supplies on Lorraine and for coke on the Ruhr. Italy mines little coal; the Netherlands have not enough steel for their requirements. For full economic development each needs to exchange resources with the others.



The Common Market

- 1 — The High Authority set up the Common Market for coal, iron ore and scrap on 10 February 1953
for steel on 1 May 1953
for special steels on 1 August 1954
- 2 — The High Authority, in setting up the common market, eliminated trade restrictions across some 1,700 miles of land frontier within the six-nation area.

It abolished within that area

- customs duties;
- quantitative restrictions;
- the dual pricing system, whereby prices charged on exported coal or steel differed from those charged to home consumers;
- currency restrictions;
- discriminations in transport rates based on the nationality of customers.

All the extra charges levied on freight crossing frontiers within the Community are to be ended by stages between 1 May 1955 and 1 May 1957.

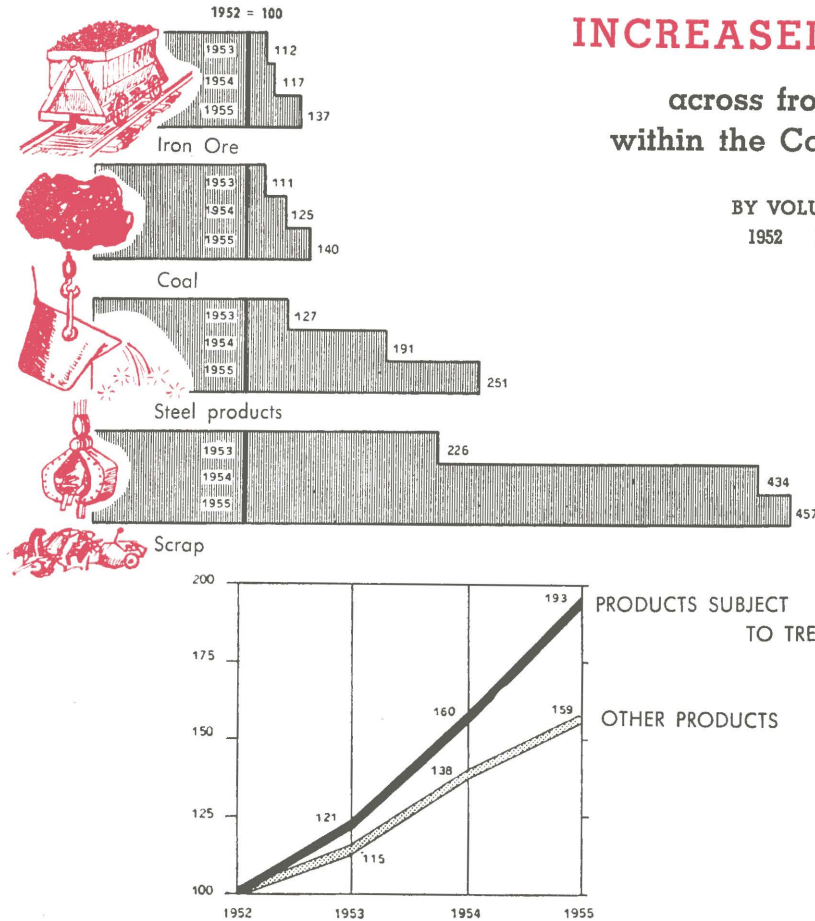
EXPANDING OUTPUT

	Belgium	France	Saar	Germany	Italy	Luxembourg	Netherlands	Community
Production (million tons)								
— Coal 1955	30.0	55.3	17.3	130.7	1.1	—	11.9	246.4
1952	30.4	55.4	16.2	123.3	1.1	—	12.5	238.9
— Steel 1955	6.0	12.6	3.2	21.3	5.4	3.2	1.0	52.7
1952	5.1	10.9	2.8	15.8	3.5	3.0	0.7	41.8
Community Labour Force (thousands, end 1955) . .	192.2	364.1	83.6	650.3	64.6	20.0	61.5	1,436.3

INCREASED TRADE

across frontiers
within the Community

BY VOLUME
1952 = 100



FIRST HALF 1955

Intra-Community Trade in Steel

Receipts from other Community countries

(in millions of metric tons)

	Germany (Federal Republic)	Belgium/ Luxembourg	France/Saar	Italy	Netherlands	Total- Community
<i>1950/1952</i>						
1950	194	130	23	396	841	1 583
1952	797	243	24	317	717	2 097
Increase or Decrease.	+ 603	+ 113	+ 1	- 79	- 124	+ 514
<i>1953/1955</i>						
1953	1 049	304	114	384	879	2 729
1955	2 527	503	794	333	1 270	5 427
Increase or Decrease	+ 1 478	+ 199	+ 680	- 51	+ 391	+ 2 698

THE FACTS...

In the first year of its existence, from August 10, 1952 onwards, the Community set up its institutions, opened relations with non-member countries and established the common market. All this was achieved to schedule and the successful experience of the common market in coal and steel has been a dominant influence in the plans for further economic integration.

POLITICS

Notable among the events of 1955 was the nomination of M. René Mayer as President of the High Authority following the resignation of M. Jean Monnet. Another feature of 1955 and the first half of 1956 was the gradual increase in the Common Assembly's parliamentary control over the action of the High Authority, through the activities of its standing committees, and its positive action to stimulate European integration by debating the proposals of the 6-country Intergovernmental Committee for a European atomic authority and a general common market.

ECONOMICS

The operation of the common market has been accompanied by record output and trade as West European activity expanded. Despite the unprecedented level of demand and full order books, price rises were held to moderate proportions. Prices charged for basic Bessemer steels at the end of March 1956 were still much the same as those ruling when the common market opened, while open-hearth steel prices were only slightly above the level of May 1953. The result was partly attributed to the working of the High Authority's Fair Trading Code, which requires producers to publish their prices and forbids discrimination between buyers. Moreover, while price publicity has discouraged the speculative pricing previously common in some parts of the Community in periods of high demand, panic buying, which also largely helped to push up prices, has been damped by the knowledge that none of the Community's member-countries can now close sources of supply by imposing export restrictions.

Competition, already stimulated by the ending of frontier obstacles to trade, was notably improved by the introduction, on May 1, 1955, of the first stage of direct international through-rates and of the abolition of additional frontier charges throughout

the Community; by May 1, 1957, the Community will be one territory for transport of coal and steel. One result of the mounting competition has been increased across-frontier commerce in the common market (151% for steel, 40% for coal compared with 1952). This led to the hastening of modernization programmes, particularly in France and Italy.

The High Authority's anti-cartel policy has brought about the dissolution of GEORG, the Ruhr coal monopoly, which has been replaced by three independent selling agencies, and also of the South German coal cartel OKU, while substantial progress has been made towards reorganizing the official French coal-import monopoly ATIC.

FINANCE

The High Authority's activities in the investment field have been greatly increased in the past year with the implementation of an order that all firms must submit to the High Authority three months in advance all major investment projects. The High Authority can guide investments by publishing a formal opinion on any project and forbidding a firm to use other than its own capital if a programme is contrary to the general economic interests of the Community. The first series of formal opinions have already been published.

The \$100-million United States Government loan, contracted in April 1954, has been re-lent by the High Authority to Community industries, and a further additional investment of \$130 million is estimated to have been stimulated indirectly by this loan. The High Authority's first private loan, amounting to 50 million Swiss francs, was raised in Switzerland in July 1956 and was heavily over-subscribed. All loans have been re-lent at rates considerably lower than those prevailing on the Community's capital markets.

The High Authority's revenue from its levy on coal and steel production was \$ 57 million in the year ended June 30, 1955. This was used to swell the loan guarantee fund, and for workers' resettlement (see below), technical research, and administration. The loan guarantee fund will not be increased beyond the total of \$ 100 million which it has already reached.

LABOUR

The High Authority has so far initiated workers' resettlement schemes in France, Italy and Belgium involving some 20,000 workers; embarked on two programmes of miners' housing; instituted an agreement on a European Labour Card; and made detailed comparative studies of real earnings in the six Community countries.

Resettlement: In France the High Authority has participated in two major "readaptation" schemes and several minor ones. One of the schemes — that by which the High Authority provided half of a \$ 840,000 fund to guarantee a 40-hour minimum wage and facilities for retraining to 1,500 workers affected by rationalization and modernization, following a steel merger in the St. Etienne area — is proving a notable success. From the other, under which the High Authority was to provide half of a \$ 2,8 million fund to enable 5,000 miners to leave voluntarily the contracting coalfields of southern France for the expanding Lorraine mines — produced limited results. It has shown the substantial difficulties of whole-

sale transfer and the immobility of labour, even though such incentives as a 560-dollar bonus, guaranteed housing and free travel and removal were provided. Only 650 workers were in fact transferred. In Italy the High Authority is providing \$ 5,600,000 to retrain and re-employ 8,000 steelworkers put out of work by modernization to meet competition on the common market. The High Authority has also granted \$ 632,000 for resettlement of 2,000 laid-off Italian coalminers.

Housing: The High Authority has so far announced two house-building programmes, each for approximately 15,000 houses and each involving High Authority intervention of some \$ 25 million. The first programme is likely to be completed by the end of 1956 while the second will cover 1957-58. The houses are being built at efficient or new coalmines where modernization and new investment demand more miners. An experimental programme involving a further 1,022 houses will also be completed by end-1956 and a second such programme costing \$ 4 million is planned; from these, lessons on better and cheaper building will be learned.

European Labour Card: Following a High Authority initiative, the six governments have signed an agreement on a European Labour Card which will constitute a first step to Community-wide free circulation of labour. Skilled workers will be able to obtain jobs anywhere in the Community free of all restrictions.

