

THIS SUMMARY, WHICH IS DICTATED DIRECTLY ON TO A TYPEWRITER, IS PURELY PROVISIONAL AND THOSE WHO PRODUCE IT ARE NOT TO BE HELD OFFICIALLY RESPONSIBLE

EUROPEAN PARLIAMENTARY ASSEMBLY

Ordinary Session

Thursday, 23rd October, 1958, 9.30 a.m.

The Sitting opened at 9.35 a.m., M. Robert SCHUMAN, President, in the Chair.

Statement by M. WIGNY

M. Pierre WIGNY, Belgian Foreign Minister, and Member of the Councils of Ministers of the Communities.

The Councils of Ministers were determined to maintain close contact with the Assembly.

He was speaking personally, and not on behalf of the Council of Ministers.

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Europe is still in the grips of an economic recession whereas in other parts of the world such a recession is already a thing of the past. The coal surplus crisis especially in Belgium is at a dangerous level. Present stocks amount to 71 days of work, an unprecedented level. Belgian coal exports had dropped by 50%, and consumption within Belgium by 25%, compared with 9% in the other Community countries. Was it possible to criticise Belgium's coal policy? It must be remembered that a mine-shaft cannot be closed without implying a succession of other circumstances. The Belgian Government had decided on closing certain shafts but there would be a time lag for this to take effect and be replaced by other industry. Belgium would call on the supra-national institutions for assistance during this difficult period; there were various possibilities which should be examined. The social aspect of the problem was of immense importance, and he requested the Assembly to examine the question in a community spirit.

He then spoke of the Free Trade Area. The Common Market showed already great potentialities and it appeared that others were afraid of missing the train and wanted to jump on to the platform or add further coaches. The Common Market countries were prepared to stop the train for them, but not to add fresh coaches, nor to see coaches running on a parallel line. Caution was essential, for unfortunate brushes must be avoided.

He declared himself fully in favour of the Free Trade Area, for it was essential to extend outside the Common Market frontiers peaceful trade competition. However, the Free Trade Area should not have a purely economic import, but also a political significance. The Common Market had no intention of becoming a new fortress, and a Free Trade Area would be proof of the good will of the Six.

However, the two differed in conception, and the Common Market should in no way be undermined. He referred to the Treaties in describing differences. It would not necessarily be a good scheme to demand promises and commitments from the British and their friends, for the Free Trade Area should not be a mere attenuated copy of the Common Market. It must be admitted that not all other countries had the same desire towards integration as the Six.

The Community had an immense responsibility towards countries outside Europe, who should themselves benefit from the establishment of a Common Market. Among the .Six productivity rose by 76% from 1950 to 1956; for Europe as a whole the level was 26%, and for the United States 27%. Despite this excellent result, it was certain that Europe would have advanced even more if she were thoroughly integrated. Even greater results could be hoped for in future.

The Common Market should contribute towards raising living standards **in** the rest of the world, and not only in the associated overseas territories, but also in all young countries. The Common Market should inspire confidence in the peoples of Africa, in the Middle East and further afield as a means of countering tendencies to be deprecated. It was essential in this context that the European institutions should co-ordinate their policies.

He had every faith in the Assembly, which could offer valuable co-operation, possessing as it did direct competence even though this were within certain limits. The Assembly was not only consultative but also

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its deliberations were certainly listened to. It was to be hoped that the Council of Ministers and the Assembly would continue to develop their relations in a spirit of close co-operation.

A significant difference existed between the competence of the High Authority and that of the Euratom and E.E.C. Commissions. The Commissions could put forward proposals and it was right that final decisions should rest with the Council of Ministers. Every organ of the Communities should be enabled to play its part according to the spirit of the Treaty.

The three Communities had different responsibilities and it was essential to co-ordinate their work, particularly in the matter of fuel policy, for which some agreement must be reached.

The Communities must be able to work together.

Public opinion was necessarily confused by the fact that the Executives should be known as Commissions, and that in French, the word "commission" should also refer to the Assembly Committees. New terms should be found which should carry a clearer meaning; the Assembly should consider this question for terms which it chose would become generally used and accepted.

The term "European Commission" suggested in the Report was itself ambiguous; it would be more explicit to say "the Executive Commission of the Common Market". The term "Common Market" should replace "European Economic Community". This should be done in order to clarify matters in the public mind.

He paid tribute to M. SCHUMAN, and recalled with pleasure that he had been a Member of the Assembly.

The PRESIDENT thanked M. WIGNY for his "optimism based on moderation and reason". No debate would follow his address. But the Assembly would appeal to M. WIGNY to raise the matter of a single seat for the Assembly with the Council of Ministers, for this question was urgent.

Resumed Debate on the Euratom Report
and on statements made on
behalf of the Euratom Commission.

M. MEDI, Vice-President of the Euratom Commission, appreciated the remarks made by the Assembly Members yesterday.

M. Charles JANSSENS, Vice-President, took the Chair.

In reply to M. BURGBACHER, who had spoken on developing conventional sources of energy, he said that these sources of energy would certainly continue to develop, but perhaps at a slower rate than nuclear energy, the potentialities of which had not been fully revealed.

He was convinced of the necessity of freedom in research and also of the necessity of a very high degree of co-operation in research.

Europe was immensely rich in capable young people who could be trained, in technology and research; for if European peoples had their faults they were nevertheless highly civilised and intelligent. It was however necessary to guide this young generation without necessarily directing their energies too

rigorously. In the same spirit, patent and invention rights should form a subject of legislation, which should be harmonised but not necessarily uniform.

He welcomed the interest shown by the Assembly and its evident desire to co-operate with the Commission.

The Debate was declared closed.

Statement by M. FINET, President of the High Authority
of the E.C.S.C.

M. FINET spoke of the current coal situation, of measures which could be taken to improve it, and the outcome of an exchange of views held with the Special Council of Ministers.

The High Authority had gone as far as it could within the stipulations of the Treaty. Although the current situation in the coal industry was indubitably serious, it had nevertheless not assumed the proportions of an open crisis. This situation resulted in part from reduced consumption and also from coal imports from outside the Community according to long-term contracts; further, fuel-oil imports had increased to a considerable degree.

These two reasons together accounted for a considerable increase in coal stocks, which at the present time had passed the 22 million ton mark within the Community.

Coal imports from abroad had been reduced from 44 million tons in 1957 to 31 million tons in the present year, of which 26 million came from the United States. In 1954, a year of reduced trade, foreign imports amounted to 13 million tons, of which 6 million came from the United States. The reduction in imports did not sufficiently compensate for the drop in consumption, which had fallen by 40 million tons in 1958.

Stocks amounted to 7 million tons in 1957, and were now 22 million tons. Between January and August 1958, the number of days when miners had had to be laid off amounted to 3 1/2 for the Community as a whole and 12 days in the mines in Southern Belgium. The situation had worsened in September. However, the coal crisis was limited to ^{two} countries - Belgium and Western Germany.

The High Authority had tried to improve the position by adapting trading group regulations in the market and by strict regulations for production and imports. Unfortunately producers had not done what they might to improve their trading practice, as they might have done according to measures taken by the High Authority. ./.

Long-term contracts, not only in exports but also for imports within the Community had not been fully applied. Further, producers had refused the proposal made by the High Authority in April concerning assistance in the question of stock-piling as a result of current economic circumstances. The miners Statute, proposed by the High Authority, had not received an enthusiastic welcome. On the 13th October 1958 the High Authority had put forward proposals to the Council concerning production, the conditions of sale, and imports. The High Authority nevertheless welcomed the support of the Governments, who had made certain agreements as a result of proposals put forward by the High Authority. The Governments were agreed that producers must intensify basic modernisation and upkeep, must increase leave in order to avoid increased unemployment. Such measures must be taken by the companies themselves. In this matter neither the Governments nor the High Authority had more than a right of persuasion.

A special effort was made concerning conditions of sale in order to compete with other sources of energy. The High Authority continued to study the effects of taxation on competition between different sources of energy.

Every effort must be made to prevent a further rise in present coal stocks.

Concerning imports, the High Authority had insisted that Governments should ensure precise information from the companies concerning contracts at present in force, including transport and freight contracts. The Governments were agreed on this, although some had pointed out that there were legal difficulties in this matter.

All Governments were exhorting companies concerned with imports to apply the measures suggested by the High Authority. He announced that last week the High Authority had had meetings with the American authorities, and shortly civil servants from the Community would go to the United States in order to examine possible measures.

The Council of Ministers agreed that a Committee of Ministers' Delegates should collect the necessary information for permanent consultation, but other proposals made by the High Authority had not been put in effect. The High Authority regretted that Governments should show so little boldness towards co-ordinating commercial policies. The E.C.S.C. Treaty had not been fully applied insofar as other products were concerned. It was paradoxical that the Pool, which should have a truly supra-national character as regards the coal industry, should yet not be able fully to apply the

Treaty in other domains.

He then spoke of financing stocks. The High Authority had suggested to the Council of Ministers that the system already advocated in April should be reconsidered, that is the establishment of a financial body, to be subsidized by contributions from the sale of coal. This would have assisted towards financing present stocks. The High Authority had amended the proposal made in April by pointing out that this would be for stocks accumulated beyond the level already existing on 1st October 1958. But this suggestion was not unanimously agreed to (Article 53 of the Treaty). The High Authority was therefore obliged to act according to Article 95 paragraph 1 of the Treaty, which provided that it might request the opinion of the Council of Ministers with a view to devoting a part of the sums set aside for industrial readaptation towards financings tocks. Such sums could not **exceed** 6 to 8 million points. The Council of Ministers had agreed to this new proposal and would receive a Report from the High Authority on the 3rd October dealing with methods of application.

The High Authority heartily welcomed the establishment of the Common Market. A rapid enforcement of the Rome Treaty would contribute towards safeguarding employment in the mines.

Success would depend on the willingness of the Governments

to act for the good of Europe as a whole. Member countries must be willing to co-operate not only in prosperity but also in times of difficulty.

He appealed specially to Government members; by signing treaties they had shown their intention to work together and it was not essential to apply this spirit by accepting sacrifices in the general interest.

He counted on the constant support of the Assembly.

The PRESIDENT thanked M. FINET, and announced that the General Debate would open this afternoon at 5 p.m.

The Sitting rose at 11.15 a.m.

Next Sitting 5 p.m.

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EUROPEAN PARLIAMENTARY ASSEMBLY

Ordinary Session

Thursday, 23rd October, 1958, at 5 p.m.

The Sitting was resumed at 5.30 p.m., M. Robert SCHUMAN, President, in the Chair.

The PRESIDENT announced that M. van CAMPEN BATTAGLIA and others had tabled a draft Resolution, changing the name of the Committee on Investments, financial questions, and long-term policy.

The draft Resolution was voted on immediately and adopted.

General Debate on the
Statement of the President of the
High Authority

M. KORTHALS, speaking as Rapporteur of the Committee on Trade within the E.E.C., pointed out that this debate would be purely introductory, as the Committee had not examined M. FINET's statement.

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M. KORTHALS considered that the measures taken by the High Authority and responsible Ministers could merely relieve the present situation without providing a satisfactory final solution. M. FINET had spoken of the gravity of the position in that the present level of stocks was now at 22 million tons of coal. Temporary measures would be of value but it was essential to decide upon a long-term policy.

Coal in Europe was no longer in a position of monopoly for other sources of energy were being exploited and coal could be imported from abroad. An effort should have been made towards combating this situation, but the Governments and producers had not shown the attitude hoped for by the High Authority. It was essential now more than before to ensure that stocks were reduced and that consumption should increase. Then, the whole question of the coal industry in the economy of Europe should be reconsidered. The High Authority had taken emergency measures but it was necessary now to go further.

Technical measures constituted a frontal attack on unemployment. It must be remembered, however, that developments in this field were necessarily limited by the potentialities of the mines themselves. He considered the most important part of M. FINET's statement to have been that concerning measures proposed for mines which were not

economically viable. This was a problem of current economic circumstances.

He was gratified that the Ministers should have decided to continue for two years measures under paragraph 23 of the provisional Convention concerning the financing of industrial readaptation.

During the debates in June it had been advocated that a final solution should be sought, within the shortest delay possible, for present difficulties in the Belgian coal industry, and he requested precise information on the current situation and forecasts for Belgium.

M. Wigny had this morning stressed the necessity of co-operation in economic policy, particularly from the point of view of social legislation. This was very closely linked with the coal problem. He was gratified that it should have been the Belgian Foreign Minister who stressed this aspect of the question.

He would not take a definite position on the question of levelling conditions of competition until the High Authority had completed its examination. He welcomed the measures taken concerning statements on stocks and their financing.

It was to be hoped that discussions with the American authorities would have a positive result. Difficulties in commercial policy were understandable; too strict regulations could have unfortunate consequences.

He requested the High Authority to give further information on the system of stock financing which was to be approved on 3rd November.

This morning the President of the High Authority had appealed to the Ministers as well as to the Assembly to define a policy for basic structural developments. He agreed with M. Finet, for this concerned all industries and workers in every economic sector.

He hoped to hear further details on policy to be adopted concerning cartels.

M. LEEMANS insisted that it was necessary to ensure a long-term policy for basic structural developments. Information at present available will suffice for drawing up such a policy. He felt that the E.C.S.C., O.E.E.C., and the Governments had acted too slowly.

The High Authority had put forward proposals for financing stocks to a level of 27 million tons and today further proposals had been heard.

M. Finet had also said that there were important differences of opinion between the High Authority and the Council of Ministers and the impression was given that lengthy legal discussions on the interpretation of certain Articles of the Treaty were painfully dragging on. It was to be regretted that those responsible should have been informed only when the situation should have reached a critical stage.

He welcomed the decisions taken by the High Authority and presented to the Council of Ministers. There appeared a certain lack of cohesion between the Fifth General Report of the High Authority presented in April, which requested the Governments not to hinder the enforcement of long-term import contracts, and M. Finet's remark this morning, that the High Authority had on many occasions asked the Governments to inform it about the current position of long-term contracts. At all events, it was essential to attain a far greater measure of co-operation in commercial policy and particularly as regards coal.

It was to be hoped that the Council of Ministers would contribute towards formulating such a policy of co-operation, even where this was not written into the Treaty.

He hoped also that present discussions with the United States would result in a sufficient drop in the level of imports to ensure full employment in the mines.

He spoke to a draft Resolution submitted on behalf of the Christian Democrat group.

M. HAZENBOSCH, Vice-President, took the Chair.

M. BATTAGLIA spoke on behalf of M. Cantalupe, as a Liberal and an Italian.

Faced with the coal surplus crisis, Member countries tended to divide according to the situation in their respective States. Immense quantities of coal had been bought as a result of the Suez crisis, particularly from the United States. Italy had signed long-term contracts in order to buy coal at a cheap rate, which she needed. At the present time, Belgium asked the other countries to agree that there was a critical situation which would involve an excess of planning. Italy considers, on the other hand, that it was rather a current, and not a basic and long-term, crisis. The Liberal group did not agree to the proposals put forward by the High Authority.

It was contradictory to speak of setting up a Free Trade Area, and at the same time demand a tightly-planned policy for coal. The Liberal group agreed to measures designed to improve the technical installations of the mines, and to close mines which were not economically viable, for the basic aim was to produce coal at competitive prices. Italy would willingly buy coal from the Community countries if they could ensure that their cost prices were really competitive.

M. DEIST thanked M. Finet for his statement this morning, in which he had realistically and in detail completed the somewhat optimistic address given by M. Hallstein on the current economic situation. At the present time there was indeed a crisis in the coal industry, particular in Belgium.

He agreed with M. Finet in stressing the responsibility of those particularly concerned with drawing up the common European coal policy. Public opinion should now be able to exert a stronger influence on the development of this policy.

Although he criticised action taken concerning the development of coal policy, this was not an attack on the Community but only against the High Authority. Interests should be pooled in order to achieve a realistic coal policy.

Much of what the Community wished to bring about could be done within the framework of the Treaty, which it was not now necessary to examine in detail. If it were true that a policy for coal could not be agreed upon according to the spirit of the Treaty, it was for the High Authority to see that the latter was revised.

In June important statements were made here, particularly that of M. Spierenburg on basic structure of the coal and steel industries. It must be pointed out that the High Authority had not paid sufficient attention to the ill effects resulting from economic concentrations; from this, conclusions could be drawn; it was to be regretted that the High Authority had not done so.

In the matter of pricing policy, seeing that considerable steel stocks had also been accumulated, it appeared that the lowering by 10% of prices accorded to large-scale consumers in Germany would not meet with great success. Besides, the steel industry, like gas factories and electric plants, were closely bound by long-term contracts.

Further, this lower level would not affect small firms nor domestic consumers, who represented 20% of the total consumption. For this reason such measures could not be entirely successful.

The coal crisis was a problem neither of current economic circumstances nor of basic structure, but of a complete long-term policy and its aims. It was to be doubted whether the institutions responsible for this policy had taken the necessary measures quickly enough.

The measures proposed differ widely. Those concerning basic structure would have no immediate effect; it was more urgent to take steps to right to current situation.

From January to September stocks had risen by 19 million tons. The programme submitted by the High Authority to the Council of Ministers did not take sufficient account of reality. It would have granted financial aid to enterprises running at a profit. The programme described today was far more realistic. It concerned only temporary stock-piling and had a direct aim in view. It was essential for the Council of Ministers to take a decision as soon as possible without wasting further weeks in pointless discussion.

He regretted that it would be possible to limit imports with a short-term end in view, for public opinion would assume that the Six were prepared to act in a high-handed and arbitrary fashion.

It would surely not be possible to ask enterprises to limit their production, where this would mean a loss to them. The High Authority should clarify its position on this matter, and also on that of orders made on behalf of public authorities.

The German railways could take on further orders.

The institutions of the Community should give attention to the question of whether certain mistakes in policy might not have resulted from the fact that these institutions were set up at a time of high trade levels. The High Authority ought to review its aims and long-term policy particularly concerning price levels. He referred to a speech made recently at the University of Cologne by someone closely connected with the High Authority, and he recommended it as reading matter for the High Authority. The speaker had said that, taking into account normal freight rates in the world market, American coal would always be cheaper than European coal. A long-term policy must take this into account, and also competition from fuel oil.

It was necessary to close mines which were not economically viable, but this was a problem of basic structure demanding a long-term view. It was now time to move from study to action. It should be clearly stated which mines were viable, economic units and which were not, taking into account future Community needs.

He supported the High Authority's restrictive import policy and asked for further information on difficulties encountered. This was not a protectionist policy but one of relating imports to a long-term policy concerning all economic sectors. Had sufficient statistics been collected to make it

possible to draw up a long-term policy? Would importing firms agree to spread these contracts over a longer period or to modify them?

Import contracts were of particularly wide range in Belgium and Germany. Stressing the efficiency of the ATIC firm, he insisted on the necessity of harmonising **coal** policy in order to link or abolish scattered private enterprises.

The coal industry should be in the hands of a public body, and if the High Authority did not have the right of ordering nationalisation, it could at least exercise control over existing coal companies. It should realise that a co-ordinated policy was necessary in the general interest. The present situation could not be alleviated by doctrine, but by concrete measures. The High Authority should watch over not only the treaties but also a modern policy. It should not confine itself to the letter of the Treaty when drawing up the broad lines of a European policy.

As for cartels, there would always be too much initiative left to enterprises and to States. Governments had held discussions on this however but without any intervention from the High Authority - and this was to be regretted. The production of industrial steel had dropped by 6%, and steps should be taken now before the position worsened.

If it was essential/^{for}the institutions in question to co-operate, it was also of immense importance for the High Authority to take its responsibility seriously. He was optimistic for development of European institutions and the professional future of the men who worked there, but feared that they would not take their opportunities.

M. DE SMET welcomed the fact that M. Finet should have openly admitted the gravity of the present coal crisis. The basic reason for this situation was the reduction in demand resulting from the economic recession affecting the Community. Further, there existed long-term import contracts, exports had been reduced and other sources of energy presented increasing competition.

The geological structure of certain Belgian coal-mines made the position even more difficult there than in other countries. However, other countries in the Community were also affected, and it was owing to the speech made by M. Deist that he realised this.

Although he agreed that nationalised coal industries varied from industry run by free enterprise, he did not agree with the conclusion reached by M. Deist.

The Assembly, the High Authority and the Six Governments should re-examine fundamental attitudes. Last February, at the last session of the old Common Assembly it had advocated measures to obviate increased unemployment. At that time M. Finet had perhaps shown himself too optimistic regarding the possibility of absorbing stocks, and had thereby abandoned the idea of financing stocks.

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M. Wehrer had described the legal reasons for abandoning this scheme. Now, M. Finet requested that Article 75 paragraph 1 of the Treaty should be put into effect, whereas he himself had suggested this in February.

It was to be regretted that the High Authority had not warned Governments about ^{the} unemployment problem until April, and that it was not until the 13th October that the Council of Ministers had considered the matter. It was now suggested that part of the fund had been devoted to industrial readaptation should be set aside for financing stocks; this would not prove sufficient. He hoped that all Six countries would listen to M. Finet's appeal this morning for a common effort towards alleviating the situation.

Belgium intended to improve her coal market and this would prove necessary also in certain coal-mining areas of Western Germany and France. Since 1954 he had been advocating the closing of certain shafts while at the same time measures were taken to assist workers who were laid off.

How much easier it would have been to carry this out at a time of high trade levels! Unfortunately the High Authority had shown itself vacillating in its relations with its opponents. Now, the future must be thought of and the process carried through at a more difficult time. Pits should be closed while full attention should be paid to the plight of workers concerned. The Community would for a long time need coal. The Belgian Government would propose a Bill for the exploitation of fresh coal seams in the Campine area.

It was to be regretted that the two Executive Commissions should depend on a Council of Ministers, for the Governments frequently showed themselves lacking in firmness and responsibility, as for example in the question of establishing a common seat for the three Communities. This could have grave consequences. It would be sufficient to publish the transport costs resulting from commutation between Brussels, Luxembourg and Strasbourg for public opinion to lose faith in the Communities.

The Debate was suspended.

M. CARBONI objected to being placed sixth in the list of speakers, when originally he had been third.

The Sitting rose at 8.50 p.m.

Next Sitting Friday, 24th October at 10 a.m.