Information Office
EUROPEAN COMMUNITY FOR COAL AND STEEL
220 Southern Building
Washington 5, D. C.
NAtional 8-7067

Hold for Release at
1300 hours, EST
April 20, 1955

PRESS RELEASE

Speech Given by Albert Coppé,
Vice President of the European Community for Coal and Steel
at the National Press Club, Washington, D.C.,
on April 20, 1955

It is a particular pleasure for me to speak before members of the National Press Club. I know that as a forum of journalists you are tough-minded and objective observers of world affairs.

The subject I want to talk about today is the problem of Europe, as it presents itself to men of our generation: the problem of unity.

There is nothing new about European unity as an ideal. We Europeans have talked about it since the time of Charlemagne. Yet a divided Europe has remained the breeding ground for wars, growing out of national ambitions, rivalries, and restrictions. This historic division of Europe into small national units is a political and economic anachronism today.

Perhaps you wonder why twentieth-century Europe cannot quickly repeat the experience of eighteenth-century America and unite under a federal government. If we were able to ignore our past and escape from the complexities of a modern industrial age, the problem might lend itself to an easier solution.

But because we cannot escape from our past or our present, we cannot unite Europe overnight. What we are doing is to move along the paths toward unity that are open to us. We shall work with patience and tenacity until we arrive at the full economic and, ultimately, political integration of Europe.

In the past twenty years we in Europe have been aware that we were not able to solve the problems of our continent because the framework within which we had been working was no longer in keeping with our times.

Looking at the economy of Europe, we saw that each country produced primarily for its own national market, comprising from ten to 45 million people. All of us, especially the youth, had become painfully aware that free Europe was failing to keep pace either with the United States or with the Soviet Union. Free Europe's share of the world's production declined from 46 per cent in 1913 to 29 per cent in 1952. It was evident that industrial progress and a rise in the standard of living depended upon the creation of broader markets. This alone could enable industry to take full advantage of modern techniques, increase productivity, and reduce real prices to consumers.

Europeans realized that they needed a new goal and new institutions to cope with the problem. This awareness inspired two great Frenchmen, Robert Schuman and Jean Monnet, to propose what has since become the European Community for Coal and Steel. In May, 1950, Mr. Schuman proposed the pooling on Europe's coal and steel resources with three objectives: first, to make war between France and Germany materially impossible; second, to improve and expand the economies of Europe and raise the standard of living by means of a common market of 160 million consumers; and third, to provide an institutional example and nucleus for the eventual full federation of Europe.

Mr. Monnet did more than any other single person to persuade six European governments -- Belgium, France, West Germany, Italy, Luxembourg, and the Netherlands -- that the plan had to be adopted. A British weekly has characterized Mr. Monnet as a man with "an uncanny knack of keeping his head in the clouds and his feet firmly on the ground". The Community was very largely his idea. Europe owes a great debt to Schuman and Monnet.

At the Schuman Plan Treaty conference in 1951, as in the Constitutional Convention of 1787 in your country, the national states delegated certain of their powers to new federal institutions. The thought of such a concession alarmed many Europeans, but the promise of unity was a compelling force. By the middle of 1952 all six member governments had ratified the Treaty establishing the European Community for Coal and Steel.

Probably most of you know how the Community works. Its executive branch is a High Authority of nine members of which Mr. Monnet is President and Mr. Franz Etzel of Germany and I are Vice-Presidents. The High Authority has been responsible for seeing to the establishment of a single market for coal and steel throughout the territory of the Community, a market without customs duties, quotas, or other barriers to trade. Our main task is to make sure that conditions are created and maintained which will permit the free and fair play of competition. The Community's institutions do not own or operate steel mills or coal mines. Nor do they interfere with the existing system of ownership, whether public or private.

Although the High Authority can enforce its decisions by fines, it seeks so far as possible to bring about compliance by public disclosure of facts, discussion and persuasion. Before making important decisions, it reviews proposed action with the 51-man Consultative Committee, composed of representatives of all interested groups -- producers, workers, consumers, and distributors.

As the executive of a sovereign community, the High Authority is directly responsible not to member governments but to the Community's parliamentary body, the Common Assembly. The situation is roughly analogous to your constitutional system, where your federal government is answerable to the American people through Congress but not through the governments of the 48 states. The Common Assembly holds three or four sessions a year to review the actions of the High Authority. If it disapproves, it may by a vote of censure oust the High Authority in a body.

The 78 delegates to the Assembly are elected from and by the six national parliaments and are apportioned in rough relation to population and importance of the coal and steel industries in each country. They reflect all aspects of western European political thinking except Communist. In the debates of the Common Assembly, national political identities already are beginning to fade. Parliamentarians gather in their own party caucuses - Christian Social, Socialist, or Liberal - and discuss problems from the viewpoint of their European parties rather than their national states.

The Community's Court of Justice, composed of seven judges appointed for six-year terms, is Europe's first Federal Court. Within the scope of its jurisdiction, it supplants the national courts of the member countries. Its judgments are final. The Court already has given judgment for and against the High Authority on different appeals, and other cases are now pending. As precedents accumulate, the Court is beginning to develop its own case law, based upon interpretations of the Treaty.

In addition, there is a Council of Ministers from the member governments. The Council functions to ensure harmony between the policies of the High Authority and the policies of the member states. While retaining its power and duty of decision, the High Authority has made it a rule to discuss with the Council all matters of interest to the member governments. On some matters, the High Authority and the Council of Ministers are required by the Treaty to act jointly.

We say that the Community is "supranational". It differs from international organizations because its institutions are federal and sovereign. For instance:

They can act without obtaining the prior approval of member states;

The High Authority's decisions are binding upon the coal and steel firms of the member nations without having to be embodied in national legislation or decrees;

The High Authority collects taxes directly from its citizens -- the coal and steel enterprises -- without the intervention of national governments;

It has power to enforce its decisions directly against enterprises and fine those enterprises that violate community rules;

It is responsible for its policies not to the national states but to the Common Assembly;

Finally, the Court of Justice can render judgments that are conclusive and binding on all parties within the Community including the High Authority and the member governments.

Member governments are expressly bound to respect the supranational character of the Community and not to seek to influence the members of the High Authority.

Today I should like to consider with you not merely the specific day-to-day problems of coal and steel but, even more, what our experiment in limited integration means for the future of European unification.

I have said that ours is a <u>limited</u> integration. It was not easy to get our parliaments to accept the principle of partial integration. Imagine, if you can, what the reaction would be in your country, to a plan to create a single market for the petroleum and mining industries of all North and South America -- without making any other change. We were told that limited integration was an economic impossibility, that supranational regulation of coal and steel would be paralyzed by separate national policies in labor relations, taxation, social security, currency, and foreign affairs.

But we preferred, in Mr. Schuman's phrase, to "make substantial progress along a limited but substantial front" rather than range along a broad front making no progress at all. The four commodities -- coal, steel, iron ore, and scrap -- are basic to Europe's economic system. They represent ten to fifteen per cent of the industrial production of our countries and five to seven per cent of their gross national product, and provide employment for one million, four hundred thousand workers.

Today, after two and a half years of experience, it is obvious that partial integration has <u>not</u> failed. Indeed, it has produced spectacular results.

Barely two years after the establishment of the single market for coal and steel, cross-frontier coal trade within the Community rose by

50 per cent, and steel trade by 160 per cent. Cross-frontier trade in scrap tripled since 1952, and for iron ore it increased by 15 per cent.

These do not represent increases in marginal volumes of trade. Remember that trade in these four commodities accounts for one-fourth of the total trade among the six nations of the Community.

Three years ago, if an economist had been bold enough to predict that when the United States underwent what you call a "rolling readjustment", the European economy would remain unaffected, no one would have believed him. If he had gone on to predict that while the United States was still readjusting, Europe would enter upon an economic boom, he would have been laughed at. Yet this is what happened in 1954.

I freely acknowledge that this was partly due to the activities of the European Payments Union and the Organization for European Economic Cooperation, but it was also due in large part to the existence and work of the Community: for the single market helped maintain production during the slight recession of 1953, just as it helped to restrain prices once the boom started. Community demand for both coal and steel reached record levels in 1954, yet steel prices are, on the whole, somewhat lower than they were at the opening of the single market.

Increased competition generated by the creation of the single market compelled and still is compelling firms to modernize and to increase their rate of investment. Between 1952 and 1954 capital expenditures in the coal, steel, and iron ore industries increased by 16 percent or two hundred million dollars, and the capital expenditure certainly will be higher by 1955. The High Authority is contributing to the stimulation of investment by relending the 100-million-dollar loan obtained last year from the

United States Export-Import bank. This loan has served as a catalyst to help draw out private long-term capital in Europe.

The incentive to modernize, created by competition in the single market, did not exist in the same measure in closed national markets. In addition, in some of these markets competition had been stifled by cartels.

The European Coal and Steel Community Treaty contains Europe's first anticartel law. The Treaty forbids all agreements among producers or distributors tending to restrict competition. In fact all parties to agreements are required to establish to the satisfaction of the High Authority not only that the agreements are not restrictive but also that they serve certain positive purposes such as the specialization of production or distribution. We on the High Authority are determined to prevent cartels from restricting production, fixing prices, or apportioning markets. However, because parties to existing agreements are now reviewing them with the High Authority it would not be proper for me to dwell on this subject. To those who complain that the Community has failed to act against the cartels, I would say: wait one or two months and you will certainly see action.

One fear, expressed before the Community got under way, was that within a single market in coal and steel some of the Community countries would become absolute beneficiaries, and others absolute losers. Experience has shown, however, that all countries of the Community have gained.

Luxembourg, for instance, exports most of its steel; with the establishment of the single market, it is assured that its exports will not be excluded from France or Germany or suffer from discrimination on those markets. France gains a wider market for its steel exports in Southern Germany; and French coal consumers can obtain coal from Germany without