

AN ADDRESS DELIVERED BY M. RENE MAYER,
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Mr. President, distinguished members of the Council, and guests. . .

Tonight marks the second time I have had the honor of speaking before the Council on Foreign Relations. Nearly three years ago I spoke here as Premier of France. Tonight I address you as a European. It is not to say that I have ceased being a Frenchman -- indeed that would be quite impossible -- but rather I am a Frenchman and something more. I am sure this is no contradiction to those of you who regard yourselves as citizens of New York at the same time you are citizens of the United States.

During the last ten days I have had an opportunity of discussing with officials of your Government in Washington some problems of mutual interest to the Coal and Steel Community and the United States. I have also had an opportunity of meeting a number of Americans in private life who have a deep concern for the problems which are not particularly American nor particularly European but involve the total question of survival of the Western world.

In Washington I was very gratified to have the opportunity of meeting your great President again. I can report that I found him in excellent health and full of the vigor and practical idealism that have made him one of the great personalities of the world today. I also had the opportunity of talking with Mr. Dulles and his colleagues about our progress in Europe not only in fulfilling the responsibilities imposed upon the Coal and Steel Community by the Schuman Plan Treaty but also in broader terms of the progress that we Europeans are making towards the building of a United States of Europe.

I know that both of these subjects are of great interest to you in the United States. As proof of that interest you have sent us two distinguished representatives of your Government; first Mr. David Bruce who made a very great contribution to the new Europe, and now, Mr. Walton Butterworth who is here tonight and whom I shall look forward to welcoming to Luxembourg as the first United States Ambassador to the Coal and Steel Community.

This evening I want to talk with you briefly not only about the work that we have been doing in Luxembourg but also about the progress of Europe toward wider integration. I know that you are very well informed concerning Europe. Therefore, I shall do my best not to tell you too many things you already know. In fact, I intend to keep my remarks as brief as possible in the belief that we can profit better by an extended discussion during the question period that is to follow.

A year and a half ago the rejection of the EDC Treaty by the Parliament of my country caused a serious shock to all of us who believed that the future of the European peoples and the hope for permanent peace in the world were inextricably bound up with the creation of a United Europe. To many of us, the defeat of the EDC appeared to have set back the timetable of Europe a decade or more. Today I am happy to assure you that what you have lately read in your press about the renaissance of the movement towards European unification is a phenomenon to be taken seriously.

What has happened is, I think, clear. The frustration of Western hopes and policies in the past months has served to demonstrate that many of the problems of Europe -- and first of all the problem of German reunification -- are insoluble outside of European framework. The logic of unification, reinforced by events, has given the European movement a fresh imperative that

makes those of us who have worked long and hard for this cause feel a new lift to our spirits.

Hardly a week ago, Ministers of the six member states of the Community met in Brussels to consider new proposals for extending the area of European economic integration. These proposals are focused primarily upon the extension of the single market to include all sectors of the European economy and upon the common development of atomic power for peaceful purposes.

Considering the steps that still must follow before these proposals can become effective, I do not pretend that controversy over European unity has ceased. But we can claim that the battle lines have shifted significantly. A number of European leaders who once opposed any concessions in national sovereignty are now persuaded that the Twentieth Century cannot be postponed much longer and that the economic, administrative, and strategic demands of today's world make the old nationalistic barriers an expensive and dangerous anachronism. Even some militant nationalists no longer attempt to defend unreconstructed nationalism but instead find it expedient to raise the banner of voluntary cooperation under conditions of unanimity as an alternative to the creation of independent federal institutions. This shift of the battleground is an important gain, and we may expect further shifts.

The argument between those who contend that Europe can be built only by delegating effective powers to federal institutions and those who maintain that Europe's problems can be met by developing further instrumentalities for cooperation between nations poses a major question of method for European statesmen. Particularly in the United Kingdom there are those, inspired perhaps by their Commonwealth experience, who contend that supranationality is neither necessary nor desirable, that Europe can work out its destiny

through international cooperation, without tampering with the sovereignty of individual states.

In periods of international goodwill when there is a compelling need for working together, cooperative institutions operating under a rule of unanimity have proved their usefulness. There is a serious doubt, however, that they are built for heavy weather and that institutions which embody the veto power can function effectively when the interests of the participating states diverge. In contrast to such institutions I should like to stress that the Schuman Plan Treaty gives the Coal and Steel Community powers which we fortunately have not yet had to employ but which enable the High Authority in times of economic crisis -- of scarcity or serious deflation -- to cope with the emergency.

Progress through co-operation without delegation of sovereignty is an idea which, I believe, with some variations, was tried and found wanting in your Articles of Confederation and finally rejected in Philadelphia in 1787 by that band of inspired men who created your Constitution establishing true federal institutions. In adverting to this experience I am following the advice of a distinguished and far-seeing compatriot, Alexis de Tocqueville, who exhorted us in the preface to the twelfth edition of his great work, "Democracy in America":

"Where else could we find greater causes of hope, or more instructive lessons? Let us look to America, not in order to make a servile copy of the institutions that she has established, but to gain a clearer view of the polity that will be best for us; let us look there less to find examples than instruction; let us borrow from her the principles, rather than the details, of her laws."

Faithful to de Tocqueville's admonition, the statesmen who drafted the Schuman Plan Treaty borrowed an important principle from your experience. They provided that the participating states would relinquish a portion of their sovereignty to a set of federal institutions. Moreover, in order to assure that these institutions would have ample time to carry out the tasks assigned to it, these sovereign powers were delegated for a period of fifty years.

Under the terms of the Treaty, the High Authority, which is the executive branch of the Community, can exercise most of its powers without prior approval of the member governments. Some have attacked this abandonment of sovereignty. If sovereignty means the power to destroy one's self and one's neighbors because of failure to adapt the industrial and administrative organization of a nation to the needs of the time, I see little to deplore in the surrender of such a sovereignty. On the other hand, nothing about the Schuman Plan Treaty requires or encourages the weakening of true national loyalties or the dilution or dissipation of national cultures. I shall never be persuaded that in seeking to become a better European one becomes a worse Frenchman any more than that in becoming a good American one needs to weaken his loyalty to Texas.

Nor am I constrained to reject the idea of federalism merely because insistence upon federal principles may tend to limit the number of countries who are prepared to become the initial adherents of European institutions. The European Coal and Steel Community contains the possibility of expansion through the participation of additional members as the Community proves its effectiveness in operation. Growth by the gradual accession of new participating states has much to recommend it since in order for the single market

to be operative there cannot be too wide disparities between conditions in the national markets which are incorporated. By a gradual geographical expansion the process of assimilation and adaptation can be geared to a manageable pace.

All this is very well, some people have said to me, but you must respect the reluctance of your neighbors, right or wrong, to enter into a full federal arrangement. Is it not important, they say, to avoid an unfortunate situation wherein the British will not participate? I think we have found at least a partial answer to this question. The signatory nations to the Schuman Treaty participate fully in the federal institutions of the Community while the United Kingdom, through a Treaty of Association with the Coal and Steel Community, cooperates with its federal institutions. This formula, I believe, may give us the best of both worlds. And I see no reason why it should not be utilized more broadly pending the acceptance by other nations of federal principles.

Before we examine the situation in Europe today in relation to the future of unification, let us briefly look at the catalogue of events and achievements affecting the Coal and Steel Community over the past three years of its existence.

First of all (because it still seems to come as something of a surprise for many Americans) let me remind you that the single market for coal and steel is a fact. Since the single market came into being, steel production in the six-nation common market has climbed more than 25 per cent, coal 7 per cent and intra-Community trade in coal and steel products 164 per cent. Last year, in twelve months of unmatched economic expansion, industrial production in the Community rose 13 per cent as compared with

11 per cent in the United States, and 6.5 per cent in Britain. Admittedly, the increase in coal production, particularly in view of demand, was not spectacular. But the problem of coal production in Western Europe is not one that can be easily resolved.

Despite the tremendous growth in steel production, prices reflected a stability over the three-year period which had been unknown before the initiation of the single market. They did move upwards last year -- showing an average increase of 5 per cent by November as compared with the Spring of 1954 when the uptrend started. But over the same period, British prices rose 5.6 per cent while American prices climbed 12 per cent. This new price stability was due, to a considerable extent, to the fact that the existence of the Community was an assurance to buyers that producing countries would not suddenly impose export restrictions as they had been able to do in the past.

The single market itself, subject to constant pressures on the part of producers and consumers, is still being brought to a point of maximum efficiency. The High Authority has had to act vigorously to prevent the continuance or re-establishment of barriers to the free flow of trade. To enforce its decision it levied in the past year more than a half-dozen fines amounting to some \$40,000 against individual enterprises which had violated provisions of the Treaty. It directed the Italian Government to cease preferential treatment of domestic iron and steel products delivered to the shipbuilding industry and to eliminate a tax on deliveries of coal and steel from other Community countries. It directed the Belgian Government to halt tax exemptions on deliveries of domestic coal and steel to public institutions. French steelmakers ended discriminatory rebates of

3.29 per cent to French clients after the High Authority told them either to desist or to grant the rebate equally to all Community buyers.

The High Authority also moved against monopoly practices under the far-reaching anti-trust laws contained in the Treaty. Our first target was the coal sales cartel of the Ruhr -- GEORG -- which has now been reorganized so as to end restrictions to competition. The action has paved the way to ending cartel practices still in force among other coal-selling organizations in France, Belgium and Southern Germany.

The High Authority has been able to eliminate most of the obstacles to the free flow of coal and steel within the Community by enforcing provisions of the Treaty. This is a form of negative action and I am pleased to say that we are achieving our purpose with a minimum of interference with the day-to-day decisions of individual company managements. However, the achievement of the main objective of the Treaty -- which is to bring about an increase in the standard of living of the people of the Community -- requires more than negative action. In addition it requires positive efforts on the part of the High Authority to facilitate the flow of capital into coal and steel investments. I need not remind many of you, who are members of the New York financial community, that capital is scarce on the money markets of Europe and that service charges are extremely high.

Two years ago the Community was able to arrange with the Export-Import Bank for credits in the amount of 100 million dollars. These monies have already been relented to enterprises in the Community primarily for investment to improve productivity in the coal and iron ore industries. This injection of capital is not only providing the means for the immediate improvement of productivity but it has encouraged the flow of capital from

other sources into these industries at much lower rates of interest; it has in fact stimulated new capital to the extent of an estimated half million dollars. I can also assure you, however, that you need have no concern for the security of your loan since the High Authority now has a guarantee fund of an amount equal to the loan which has been built up out of revenues flowing from the tax that it levies upon the production of coal and steel -- the first truly European tax.

In addition to maintaining conditions of competition and facilitating investment the High Authority has taken a number of actions on behalf of European labor. So far 17 million dollars have been allocated for the building of workers' houses throughout the six-Community countries. By the end of 1957 the High Authority plans to have either completed or under-way the construction of 25,000 workers' homes as a step toward easing the crucial problem of housing, particularly for miners. Faced with the dislocations and threats of temporary unemployment to workers affected by the re-conversion and modernization of plants competing on the single market, the High Authority has already allocated \$3,500,000 for the re-training or re-location of labor and this sum has been matched by member governments. Treaty provisions which permit cooperative action with member governments through the Council of Ministers have also cleared the way so that the High Authority can issue shortly "labor passports" enabling miners and steel workers to seek jobs in a Community country of their choice. Yet, in the field of labor policy I must confess that the Treaty does not permit us to venture further, although the unions and the parliamentary assembly of the Community are constantly urging that the High Authority be given a larger basis of action in this field.

One controlling motivation in all of the economic areas to which the efforts of the High Authority have been directed is to seek to open the economy of the Community to the fresh winds of competition. I cannot emphasize this point too much: underlying all of the provisions of the Treaty is the basic assumption that if the forces of competition can be let loose within a great market comparable to that of the United States, a market of 160 million people, it will bring about the release of energies that will in time produce an enormous upsurge of activity throughout the economy.

If these released energies are not to be disruptive, the drafters of the Treaty realized that the single market could not be introduced too abruptly. Therefore, they made provision in the Treaty for certain transitional measures designed to ease the shock to hitherto protected segments of the economy (notably Belgian coal and Italian steel), and to minimize hardships for labor. A descending scale of protective measures apply only where they are needed and offer an opportunity to weaker sections of the economy to undergo reconversion and modernization so that at the end of the transition period two years from now they will be able to operate in the competitive market that is already in force for the majority of enterprises.

At the beginning of my talk I mentioned the Brussels Committee and the work that has been going on since the Foreign Ministers meeting at Messina last June. Certainly there is a considerable increase in the tempo and scope of the activity of building a United Europe. What is the reason for this?

In the first place, the successful experience of the European Coal and Steel Community points the way toward similar, though by no means necessarily identical, formulations in the other areas. Second, just as was the case with the Schuman Plan, the initiative of the Messina conference proceeds

from no doctrinaire enthusiasm for Constitution-making but rather out of urgency, out of a recognition that national solutions to the problems confronting us are inadequate.

Let us consider the industrial utilization of the atom by way of example. The needs of Europe's consumers and the productive capacities of her industry require an accelerating increase in sources of energy. Conventional fuels must be exploited to their fullest extent, but we can already see that in the not-too-distant future conventional fuels must be supplemented by atomic power. Europe is determined not to lag behind the New World, the Soviet Union, or Asia, in the development of the peaceful uses of atomic energy.

Yet our determination will be frustrated unless we take advantage of the technological opportunities of mass production, unless we adapt our plans to the needs of a market of continental size, and unless we devise institutions of sufficient scope and strength to bring to bear upon the problem of atomic energy all the necessary resources of raw material, skilled manpower, and massive quantities of investment capital.

This last point deserves special emphasis because the need for investment capital pervades many areas of the economy for which a European solution is being sought and this means particularly investment in the economic infrastructure. Consumption within the Community is still low by the standards of the United States and in certain of the countries of the Community there are regions that can be described only as under-developed areas. For example, Southern Italy represents for the peoples of the Community almost a new frontier. It is an area in which, by investments in road-building and communications, and the improvement of agricultural methods, it should be possible greatly to increase production and consumption. I find it heartening