

CLOSING ADDRESS

by Mr. D. P. SPIERENBURG, Vice-President of the High Authority, following the talk by the Chairman of the Interstate Commerce Commission in Luxembourg on October 10, 1958.

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Ladies and Gentlemen,

May I, first of all, assure to Mr. FREAS, that we have listened with the greatest interest to his most informative talk on the work of the Interstate Commerce Commission and to his and Mr. Arpaia's explanatory remarks in the course of this afternoon's discussion. And now, if you will allow me, I should like to give you my own impressions from today's proceedings.

I may say, Mr. Freas, that we have always been familiar with the broad outlines of your Interstate Commerce Act and its enforcement by way of your Commission's decisions. We have read the provisions of the Act and followed the development of I.C.C. precedent and jurisprudence very closely. But all along we hoped that one day we should be able to arrange for the basic principles of American transportation policy to be explained to a wider circle by an eminent expert. This is what has happened today.

I feel it is a good moment to draw one or two general conclusions from what you have told us. The time is indeed, I think, just the right one at which to do so. Early this year, the European Coal and Steel Community completed its five-year transition period: it has now a fair body of experience of its own as regards common transport rules for coal and steel. And in this same year the broader European Economic Community is settling about developing a common European transport policy for all commodities and manufactures.

If we compare the provisions of the two European Treaties with the rules of American transport policy, the first point that comes to our notice is that the prohibition on unjust discrimination which is one of the fundamentals of American transport policy is embodied in a very similar form in the Coal and Steel Treaty. We managed indeed, as early as 1953, from the same conviction as yourselves, to do away with all the principal discriminations in regard to freight charges and conditions of carriage for coal and steel. We fully share your opinion that a true common market requires non-discriminatory ratemaking. And not only that, but the European Economic Community too, if not in the same words at any rate with the same object in view, prohibits in principle all discriminations in transport conditions and charges, particularly in international traffic.

A further parallel between American and Coal and Steel Community transport-rules is apparent in the matter of through-rates. We have succeeded, by a formal agreement among the Governments of the member States, in doing away with the so-called break in rates at the frontiers, thereby eliminating the discrimination between internal and international traffic, so far as the coal and steel markets were concerned, even before the transition period was over. It is clear that the basic idea underlying your interline and our international through-rates within a single market is in essence the same.

In regard of eliminating special subsidized rail tariffs, Mr. Freas explained that there has never been any such tariffs on the American railroads; therefore there was nothing to eliminate in this respect and all I can do is congratulate you on this happy state of affairs. I only mention our own action in regard to these special tariffs because subsidized transport-rates often result in no more than a particular type of discrimination and therefore are incompatible with the rules of our Treaty.

Next, I come to the matter of rate publication. It was of particular interest to us to learn of the great importance attached in American transport policy to the publication of freight charges and conditions of carriage by all carriers. The question whether standard rates should be fixed once and for all or whether the carrier should be left completely free to fix his own charges shipment by shipment is the subject at the moment of lively debate in Europe.

The Coal and Steel Treaty provides that the carrier may opt either to publish his rates or to file them with the High Authority; the European Economic Community Treaty makes no explicit provision as to publication of rates. From what Mr. Freas has been telling us, however, we can see that there is a, to us, major difference between the American insistence that freight charges must be published and the compulsory standard rates in the European sense. The Interstate Commerce Act leaves the carrier free to fix his own rates, provided they contain no element of unjust discrimination or destructive competition. This seems to us to ensure freedom of enterprise in the field of transport, without official interference. In Europe, on the other hand, the ratemaking policy of the nationalized railroad authorities for instance has traditionally followed such a course that the question of publication of freight-charges has been ineluctably associated with the idea of Government-controlled rates. For this reason alone the introduction of published rates is opposed by all those who are anxious to see State intervention kept to a minimum. We are therefore faced with the question whether or not this fear is justified and whether or not the publication of rates can and should be made independent of Government influence. To find a satisfactory solution to this problem will be one of the outstanding tasks of the European Economic Community in its work of instituting a common European transport policy.

Furthermore, Mr. Freas has shown us that the work of the Interstate Commerce Commission is not confined to preventing discrimination in respect of consumers: it also has to regulate competition between carriers.

I think I may say, Mr. Freas, that we were all especially interested in this part of your talk. Each of our countries overhere has of course introduced various measures dealing with competition between the various types of transport, rail, road and water. But so far none of those measures has been so thought out as to line up in an orderly, economic manner with the others. Up to now, there has been no common policy in Europe for transport as a whole, considered as part of the Common Market and therefore going beyond the frontiers of the individual member States. The Coal and Steel Community has not been able to achieve one, since its responsibilities have been confined by the terms of the Treaty to Coal and Steel. But we are glad to note that the Treaty establishing the European Economic Community specifically provides for a common European transport policy as a definite objective and a necessary and integral part of the Common Market. So in this respect too we are proceeding along the same lines. There is no doubt, however, that the task we are facing will not be an easy one. This is particularly clear when we take a look at three more points, which have struck me.

The first one is with regard to the relationship between transport policy and antitrust policy. The question of restrictive practices resulting from agreements between carriers has perhaps not been studied as attentively as it ought to have been in Western Europe during the past twenty or thirty years.

But already our work in the implementation of the Coal and Steel Treaty, and more particularly of its provisions concerning agreements and concentrations, has shown us how close the connection is between cartel policy and transport policy. And we feel, therefore, that if that side of the ultimate common policy which is concerned with rules of competition and carriers is to be successful, it is essential that there should be explicit provision with regard to agreements of a restrictive nature between transport undertakings.

Secondly I have been greatly interested to learn the extreme importance which your Commission attaches, in taking its decisions, to the transport companies position, as regards costs. The details you gave on costing methods were particularly illuminating.

The importance of this aspect for the whole problem of competition in the transport field cannot be denied and will be clear to everybody. Furthermore it has one important consequence which will be my third and last point namely the matter of control. In your country, Mr. Freas, you have felt the need for periodic inspection of individual transport firms' affairs and you have met this need by a system whereby the Interstate Commerce Commission has all the necessary authority for exercising effective control. If I see it rightly this control is the final link in a system, which brings together the following principles:

- 1) Freedom for carriers to determine their own rates and conditions.
- 2) The duty of carriers to publish these rates and conditions.
- 3) The interdiction of both restrictive practices and destructive competition.

