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Remarks by Paul Finet, President of the High Authority
of the European Coal and Steel Community, at the
AFL-CIO Luncheon on Friday, June 12, 1959

It is no accident that, having spent all my life in the labor movement, I now find myself head of one of the three European Communities. Labor helped take the lead in providing impetus and direction to the movement for European unity. Labor today is playing a major role in the development of policy for the European Communities.

The Treaty creating the Coal and Steel Community provides for a Consultative Committee -- and I may say parenthetically that this is an effectively functioning group and not a mere formality -- in which three elements have equal representation: producers, consumers and labor. This Committee not only participates actively in the planning and development of policy, but has also undertaken the task of working out the harmonization of the working conditions and fringe benefits for labor in the six countries. In the Economic Community -- the Common Market -- as well as in Euratom there is an Economic and Social Council on which, again, labor is fully represented.

As you can well appreciate, in bringing about the Common Market there are bound to be temporary but severe

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dislocations in production and in employment. If we are to build a modern Europe, certain inefficient enterprises which have tended in the past to retard our economic growth must either lower their costs of production or go out of business. We are facing this condition frankly and squarely.

However, with a foresight which has already been proved in practice, the Coal and Steel Community treaty embodied the principle that the Communities had responsibility to mitigate the harmful effects of dislocation on the labor force. We have provided, therefore, in all three Communities, for a Re-adaptation Fund.

This fund is devoted to providing unemployment compensation and paying the costs of re-training, and in some instances re-locating, workers. In each scheme of re-adaptation the total cost is shared with the national Governments.

I recognize that the labor unions in this country have, from time to time, proposed and supported similar measures. Perhaps the experience we are accumulating can some day be of use to you in the development of your policies in America. After all, compensation arrangements and re-adaptation funds may well prove an essential mechanism to save the world from protectionism.

Since I have been in this country I have been impressed by several things. First, I have been extremely gratified

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to find the deep understanding in labor circles of what we are trying to do in Europe. I must say to you - and I say it very sincerely - that American labor has shown a comprehension and statesmanship which are a model and an inspiration for the world.

I have, however, been a little disturbed to hear and read of the alarm that is felt, or at least talked about, in United States industrial circles, that you may be pricing yourselves out of world markets. Too often this is accompanied by the suggestion - stemming more, I am sure from respect than from fear - that the Common Market may result in a level of productivity and production which will create serious competition for America.

To me, this sentiment has curious echoes. It reminds me so much of the view common among European nations in the past which feared the competition of larger units because they doubted their own ability to produce on a comparable price basis.

This is an idea which I never thought I would hear in America and I cannot believe that it is seriously held.

What will the European Community mean for you?

Quite clearly it may mean some temporary local problems. But in the long run there is not the slightest doubt that you in America will share greatly in its benefits. What we are doing in Europe is building a vast market with the same

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population as yours. With the surge of energy that this market will release, we confidently expect a massive increase in the standard of living of our people.

With the barriers between our countries broken down, with labor free to move from place to place as it can now do in your country, there will undoubtedly be a leveling up of wages to the highest scale that now prevails in the six countries. I don't say this as an economic theorist, but on the basis of the actual experience that we have had in the seven years that the Coal and Steel Community has been a functioning reality.

This increase in wages, this rising standard of living will, as you well know, mean increased purchasing power. And an increase in purchasing power is bound to be reflected in increased imports from your country.

After all, the Community countries constitute today the biggest single market for United States goods and our Community imports from your country substantially more than we sell to you.

I am sure that this pattern of trade is likely to persist but at a constantly rising level. We Europeans do not see our destiny as a producing area that depends for its living on low-cost labor. As a union man speaking to old friends in the trade union movement, I can assure you that we who lead European labor will see to it that the worker

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receives his share in the prosperity which our New Europe is building.

And now let me say just a word about the coal problem. After the Suez affair, as you know, the Community imports of coal from the United States rose to an artificial high level and this was maintained by speculative activity. Today we are suffering a temporary coal glut in Europe - a situation which, to a remarkable degree, resembles your own experience. The problems in the coal industry at the moment are of two kinds, a structural problem and a problem of competing fuel sources.

Our coal industry is an old one and we have for years kept alive marginal mines where the seams were running thin and the methods of production obsolete. This production was maintained in a system of small closed markets protected from outside competition. These mines were able to produce so long as they were protected and freight rates were at a level which effectively precluded the import of American coal.

Today we are facing this structural problem squarely. We are going through the necessary process of eliminating the least productive of our mines. For example, between 1953 and 1958 three million tons of Belgian coal production were eliminated. Another two million tons of production will be eliminated during 1959.

Of course this is a painful process. You have been through it in the United States and you know. But we are doing everything possible to ease the dislocations for the

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workers who are affected. We are endeavoring to arrange re-employment and to make sure that they suffer as little hardship as possible. The problem is complicated, of course, because we have never had in Europe the degree of labor mobility which has been one of the conspicuous features of the American economy. We have lacked the tradition, the psychology of mobility. Workers still tend to have a strong attachment to the places where their fathers and grandfathers lived before them. And the problem is made even more difficult by a housing shortage which we have not yet fully conquered.

So much for our structural problem. The problem of competing fuels is, of course, fully familiar to you. In this country your Government has felt compelled - to a considerable extent, I understand, because of the problems of unemployment in the coal industry - to impose quotas on the importation of off-shore oil.

In Europe the German and Belgian Governments have both taken action to reduce the pressure of foreign coal imports. But I feel quite confident that these are temporary measures designed to meet a temporary situation.

If, as I am sure will be the case, we succeed through the Common Market in greatly expanding the level of economic activity in the Community, our energy requirements will be so high that even with new oil resources we will still be dependent on the United States as a permanent source of coal imports. The importance of American coal imports in the

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Community's economy is shown by the fact that in spite of the reduction of imports the Community will still import during 1959 about three times the United States coal it imported in 1954, when total coal requirements were about the same.

Certainly I am not pessimistic about the future of the coal industry in the Community. In this country you have been through a process of modernization and mechanization which has greatly increased efficiency and reduced the costs of production. In the Community we face the same process. Our problems in the Community are in many ways more complicated. We are confident, however, that we can solve them in a way which will make the coal industry fully competitive with alternative imported sources of fuel without the need for Government subsidies on the one hand or permanent import restrictions on the other.

I know that you old friends here today have a sympathetic understanding of the problems we are going through in transforming static national economies into a dynamic economy. I do not for one moment underestimate the debt which we owe to you of the United States labor movement, not only for your encouragement but for the example you have given the world of how advancing technology can be employed for the benefit of all elements of society.

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In the New Europe which we are building I can assure you that labor will continue to play its full role, and that labor, not only in the Community but in the United States as well, will share in a heightened prosperity as Europe becomes more and more an area not only of high production but of high consumption.

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