

**Address by Piero Malvestiti,
President of the High Authority,
to the European Parliamentary Assembly**

Strasbourg, 23 September, 1959

Mr. President, Ladies and Gentlemen,

It is with some emotion that I obey the rule which rightly prescribes that the new President of the High Authority shall make a statement to the European Parliament immediately upon his investiture, and that I address you for the first time in that capacity. It is understandable and human that I should be moved on appearing before an assembly rendered illustrious by its invaluable and irreplaceable contribution to the cause of European unity since 1952, a contribution which it has made with great dignity and profound conscientiousness. It is also understandable that I should feel moved to speak before your President, Robert Schuman, the personification and symbol of this dignity, of this conscience, and indeed of this clear and confident sense of purpose which interprets the irresistible will of the European peoples and the crowning task of their history.

But my feelings are intensified to-day — I am sure the Members will understand — by a personal circumstance which falls within the

broader framework of the present situation in our Communities.

As Vice-President of the Commission of the European Economic Community, I had the honour on various occasions to address this Assembly and its Internal Market Committee. The members present will have noticed that my words, if they lacked the knowledge and experience which I should have liked to have, revealed at least the sincerity and conviction which inspired me. I remain convinced not only of the need, but of the urgent need for European economic integration on as broad and full a scale as possible. Faced as we are by new power groupings in the world, this condition is indispensable for the very survival of the peoples of Europe.

My relations with President Hallstein and my esteemed colleagues at the European Economic Community Commission — to whom I send greetings which cannot fail to be veiled with affectionate melancholy — were always marked by a complete harmony of feeling, conviction and purpose. I should like to testify here that in my opinion the EEC Commission has so far coped with its appointed tasks in exemplary fashion, and that this Commission, jointly with the High Authority and the Euratom Commission, is today one of the surest guarantees that Europe is moving forward to unity.

Thus I could not have wished, and I did not wish, to leave the EEC Commission. When the

President of the Conference of Government representatives of the member States appealed to me, and I gave way, I had no illusions regarding the task and the responsibilities which I was going to face among new colleagues of exceptional competence and high reputation, following in the wake of Jean Monnet, René Mayer and Paul Finet, and, may I emphasize, following them at this *particular moment*.

I do not wish in these first words of mine to go into the circumstances of the present critical situation. These have been fully dealt with in various official documents, such as the interim report presented last June by M. Leemans on behalf of the Committee on Energy Policy ; the first report on the co-ordination of energy policy drawn up by the Joint Committee of the Council of Ministers and the High Authority ; and the special report on the coal situation laid before the Assembly by the High Authority. May I be allowed for the moment to express the view that when the European Coal and Steel Community started its work in 1952, it found itself — being, incidentally, conceived for such a situation — in an economic world or, if you like, facing a completely free (or, more accurately, un-organized) economic world, in which the different schools of thought could equally well praise or deplore the “invisible hand” of providence which would infallibly steer economic operations in search of minimum costs, or anarchical production, a breeding-ground for the disasters supposedly inherent in “capitalist” civilization. It is true that hindrances, obstacles and bans of every kind were hampering eco-

conomic life, but it is no less true that the obstacles were in the main of a political nature due to exceptional circumstances such as the two World Wars, in which it was in any case rather difficult, with few exceptions, to discover any considered, coherent long-term economic thought.

The need to protect the currency and the basic conditions of economic life had compelled the public authorities to resort to intervention which, far too often, was purely improvised. Such intervention was moreover severely condemned by some schools as superfluous and uselessly restrictive, and by other schools as inadequate and irrational. Today, doctrinaire argument on this point is still far from being settled, and we can calmly admit that both schools of critics had the best of reasons on their side.

Yet, amid this network of hindrances, obstacles and restrictions, we have seen the development of every possible kind of commercial relationship. Private enterprise remained free to adapt its size, its activity and its capacity for expansion to existing conditions. There were not even any of those guides which, many years ago, when I wrote on the subject of the controlled as opposed to the free economy, I myself called "economic lighthouses", designed not to deprive the pilot of initiative but to chart the safe channels and the harbours along his course. There have never been any guiding principles except those dictated by mere ability to assess a market or, too often, by instinct pure and simple.

The Common Market for Coal and Steel was an event of tremendous significance. A supranational power, not bound by sovereign decisions of individual States, but capable of taking autonomous decisions binding on the enterprises with which it is in direct contact, had at last come into existence. The objectives of the Community were removed from the purely political influence of its States, and were directed, as René Mayer clearly reminded you on June 21, 1955, towards economic expansion, the development of employment and the improvement of living standards, those three aspects of the Community's fundamental purpose.

The whole world understands that all this presupposes, with implicit but striking clarity, peace in Europe; that it should logically lead to European unity; that it implies at the same time the irresistible overcoming of certain doctrinaire alternatives, as rigid and useless as the bastions of ancient fortresses — liberalism or dirigism, independence and responsibility for the producer or direction and protection by the State — all the world understands it, if only for the reason that it involved a shift in, and an enormous extension of, the economic struggle.

We were in the presence of a genuine revolution — and this language is not too strong, at least for anyone thinking of the world that Europe left behind her — and certainly in the presence of something which national legislation, inspired as it was by considerations involving a single State, had not foreseen at all. It

must, however, be said that this revolution was incomplete.

Jean Monnet, the first President of the High Authority, remarked in his inaugural address in Luxembourg on 10 August, 1952, that *"coal and steel are only a part of economic life"*, and that for this reason *"a constant liaison should be ensured between the High Authority and the Governments who remain responsible for the overall economic policy of their States"*. This liaison, in Jean Monnet's view, would be carried out by the Council of Ministers, which had been set up to establish it *"and to ensure harmony between the policy of the High Authority and that of the member States"*.

René Mayer, in his turn, said that *"in an economic world where many enterprises are now on a scale almost amounting to a monopoly and State intervention and the effects of State policy are an important factor in economic activity and production conditions, a common market can operate only if rules are imposed both on the States and on the enterprises concerned."*

Thus we find already in this early text a clear definition of a requirement the underlying reasons of which I believe I can summarize as follows :

it is impossible to pursue an overall policy without adequate powers (I have myself held posts in the Ministry of Finance and other ministries in my own country for several years, and cannot conceive that it is possible even to

harmonize different economic policies unless one has the power to impose rules and to apply sanctions); again, there is the urgent need to free the economy from the strait-jacket inherited from the past, or more precisely, from the irrational impediments introduced by the State, which are, moreover, the only impediments against which the responsible enterprise justly protests.

Herein, perhaps, lies the whole philosophy of the European Economic Community. When in February of last year, with the Common Market already a reality, Paul Finet delivered in your presence his inaugural address, he observed very wisely that *"We have often been brought to believe with regret that partial integration presented an obstacle to harmonizing the action of the High Authority with that of the Governments,"* and concluded that co-operation with the European Economic Community Commission and the Euratom Community was *"a condition sine qua non for the future of European integration itself, in that it forms an integral part of the future prospect."*

Mr. President, Ladies and Gentlemen, the new President of the High Authority can tell you nothing else to-day. His promise of co-operation with the two other Communities is as firm as it is sincere, but you will still allow him to remark that good intentions cannot make up for the absence or imperfect nature of institutions.

We are in the presence of two types of integration which I would hesitate to call contra-

dictory, but which nevertheless differ from one another. On the one hand, we have partial integration, which embraces two sectors, but is incomplete — incomplete because coal is not the only source of energy; on the other hand we have full integration, which affects the whole of an economic world, or, more accurately, aims at establishing complete equilibrium in a large economic area. Thus, we have, on the one hand clearly defined powers in a situation which today has changed completely, at least as regards its foreseeable development, and on the other hand, powers less clearly defined, it being always understood that, although it is possible to measure an economic area and, up to a certain point, its potential also, it is infinitely more difficult to forecast future variations with any accuracy. I am not expressing here any criticism of the Treaty of Rome; it has been called a lawyers' paradise, a definition which I have completed elsewhere by saying that it is perhaps also a hell for economists. I am expressing no criticism whatsoever, for I am still convinced that solving the unknown quantities of the market (when the market is not a barracks) amounts to solving the unknown quantities of life itself, and that it would be absurd to expect certain men, however well-informed and capable, to do something which could only be defined as foolish presumptuousness. The Treaty of Rome remains a masterpiece of political action and economic timeliness.

However, the situation, is what it is. Today, partial integration of coal and steel exists side by side with a free, but organized market —

or at least a market in the process of organization — a market which in a few years from now should bring about the complete harmonization of national economic policies. Would it be exaggerated to say that, while immediate needs merely demand ever-increasing co-operation between the three Executives and the Governments quite a different problem will arise in the long term, namely, the problem of adjustment between the three Communities?

There is no doubt that under the influence of the initial political drive, new exigencies imposed by the economy, with their problems of market, productivity, variability of economic factors, optimum size of the enterprises, and of new forms of public organization, will become imperative for the European nations now passing through this second industrial revolution, which will probably have effects and repercussions much more radical and decisive than the first.

After all, the new President of the High Authority does not ask today for sudden sweeping reforms; he even believes, with Vilfredo Pareto, that "the best we can do in a good number of cases is to preserve the organizations whose usefulness has been proved by experience, and to endeavour to improve them as much as possible. It is as absurd to wish to change everything and to be carried away by abstractions as it is to wish to preserve everything and to be guided simply by a dislike of anything new." But it was my duty — on the

strength of my experience at the European Economic Community — to place the whole problem in what I believe to be its proper perspective, principally and above all because it is a problem of the means and prospects for putting an end to the coal crisis.

It must also be recognized that in building a new and democratic Europe it is absolutely essential for rules and regulations to be freely negotiated and scrupulously observed.

As President of an institution responsible for ensuring compliance with the provisions of the Treaty, my principal duty will consist in continuing — and I am sure, with the support of your Parliament — the struggle to safeguard the essential elements of the ECSC, that is, the direct and independent powers of the High Authority.

The Governments and Parliaments concerned have moreover given an undertaking to that effect. They have signed a Treaty which states explicitly in Article 86 that the member States bind themselves to facilitate the accomplishment of the Community's objective.

However, seven years have passed since the Treaty was signed. Economic conditions have changed in certain sectors, and it would seem to us appropriate to adapt certain provisions to the new conditions. The main concern will be to improve the operation of the Common Market on the lines indicated by the Paris Treaty.

To this end the High Authority has already proposed an amendment to Article 56, and will in the coming months follow this up with such other proposals as may be deemed necessary.

Mr. President, Ladies and Gentlemen, I wish to apologize now for keeping you a little longer and for failing to emulate the discretion of my predecessors by respecting the time limits which they were able to observe. But I am speaking to you one of those times when what is called an "examination of conscience" becomes urgently necessary to review the past and to pause for breath at the threshold of a difficult future.

I am certain that the Assembly, with all its good sense, will not expect the new High Authority and its President to supply the new, precise and magic formula for a miracle cure to end the critical situation with which coal production is at present struggling. This crisis presents aspects and perspectives for the sources of energy which differ from those of steel production. The development of steel production, in spite of all its problems, follows the orthodox lines and the normal rhythm of general economic development, without suddenly requiring — because of the large-scale intervention of new, decisive and revolutionary factors — an almost immediate adaptation to an unforeseeable situation. As we shall see, this situation was in fact foreseen, with remarkable vision and clarity, but this has not prevented various opponents from offering, whether through habit, interest or expectation, any urgent and painful adapta-