

**SECOND JOINT MEETING**

of the Members of

**THE CONSULTATIVE ASSEMBLY  
OF THE COUNCIL OF EUROPE**

and of the Members of

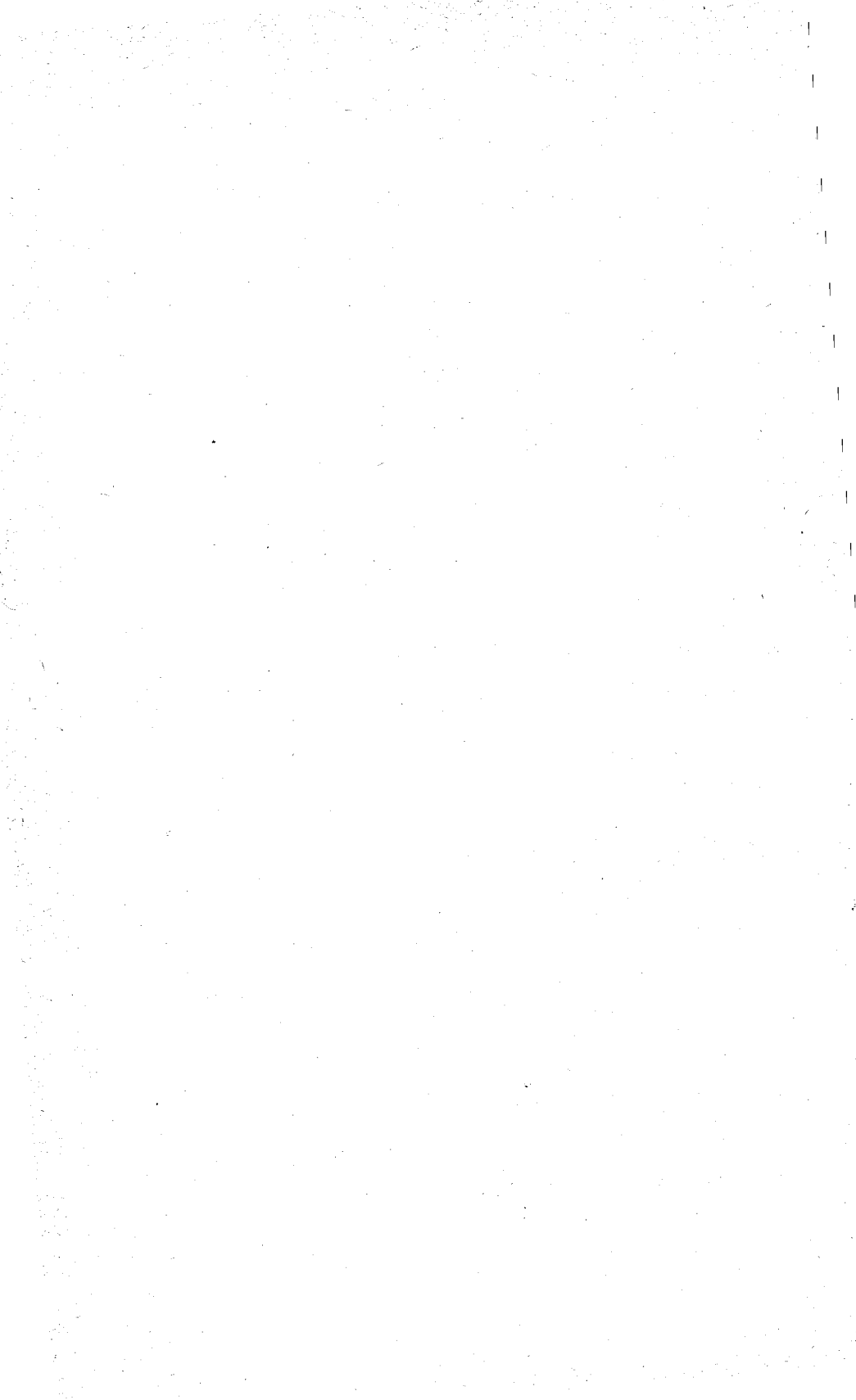
**THE COMMON ASSEMBLY  
OF THE EUROPEAN COMMUNITY  
OF COAL AND STEEL**

(20th May, 1954)

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*OFFICIAL REPORT OF THE DEBATE*

**STRASBOURG**



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## NOTE

This edition contains the original texts of the English speeches and translations of those delivered in other languages.

The latter are denoted by letters as follows :

(*G*) = speech delivered in German.

(*I*) = speech delivered in Italian.

(*N*) = speech delivered in Dutch.

(*F*) = speech delivered in French.

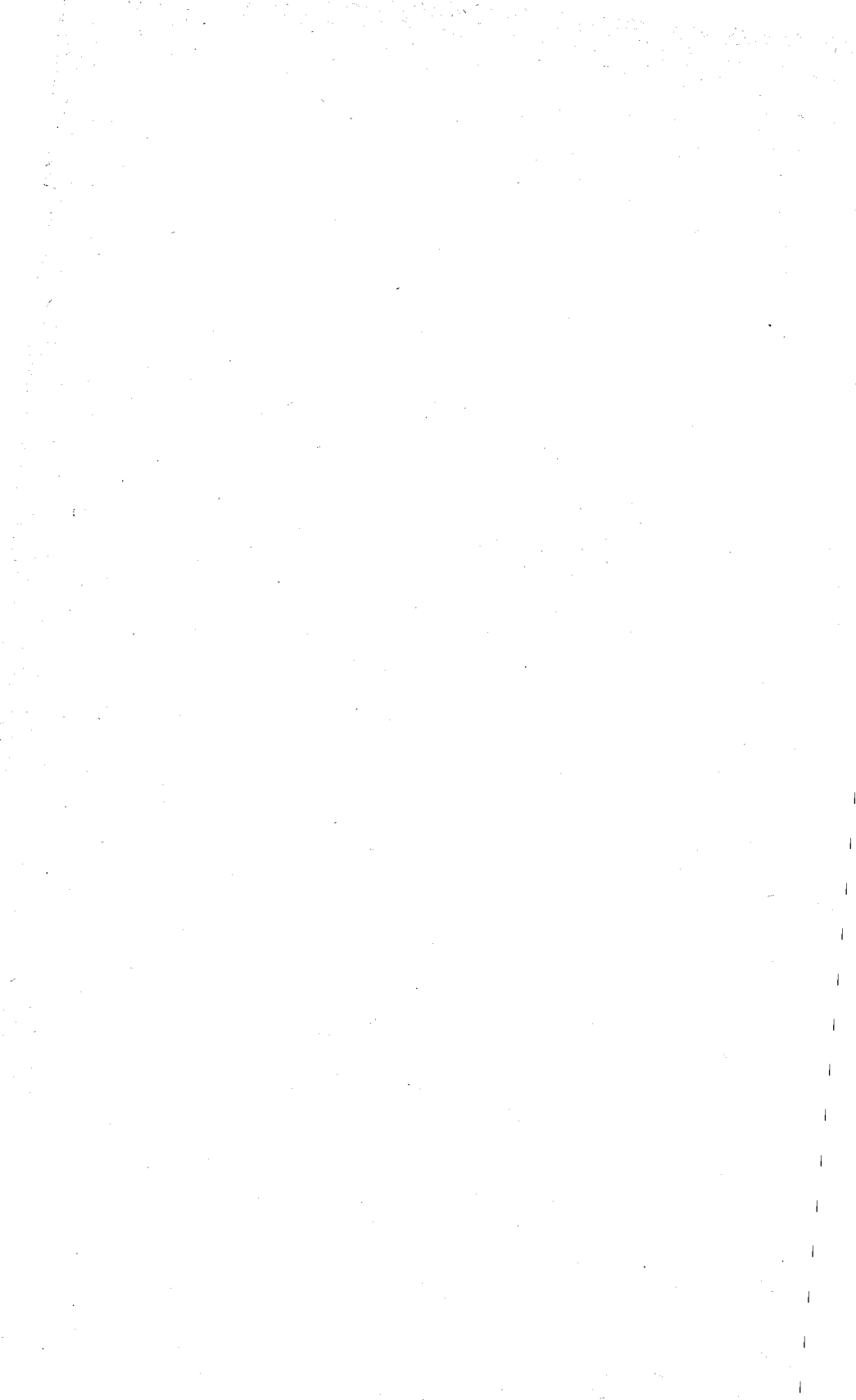
The original texts of these speeches will be found in the separate editions which are published for each language.

*JOINT MEETING*

*FIRST SITTING, MAY 20th, 1954 AT 3 p. m.*

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**IN THE CHAIR M. GUY MOLLET,**  
**President of the Consultative Assembly**

*The Sitting was opened at 3 p.m.*

**The President.** — Ladies and Gentlemen, the Joint Meeting is open.

I may perhaps remind you that at the previous joint session on June 22nd, 1953, the Bureaux of the Consultative Assembly and of the Common Assembly, meeting together, studied questions pertaining to the organisation of this Joint Meeting and reached agreement on certain points of procedure. The same procedure will be applied at the present joint session.

The object of the meeting is to hold a joint discussion of our problems. To emphasize the free character of the discussion no agenda has been distributed. The purpose of our debate is to make known to the members of each Assembly the opinions of members of the other Assembly, so that the two Assemblies may thoroughly understand the issues with which they are dealing before voting on them separately.

No vote will be taken at the present joint session.

The Chair will be taken alternately by the Presidents of the two Assemblies.

May I add a few words of comment? The purpose of meetings such as this, let me say, is not merely a mutual exchange of information as between the two Assemblies; what we are striving for, I suggest, is, still more, to create a climate of opinion among the members of the two Assemblies. Our idea is that those members of countries which do not belong to a specialized community such as the Coal and Steel Community may, on the one hand, establish links with their fellow-members who do,

and, after that, may be stimulated to go beyond the position of being observers or having liaison arrangements and go forward to the more intimate, and even more essential, stage of association.

In short, the hope is that meetings such as this may encourage those of our colleagues who have not yet joined the organisations in question to seek membership.

With this I shall ask the President of the High Authority to speak to us.

**M. Jean Monnet, President of the High Authority.** — (F) Mr. President, Ladies and Gentlemen, during the year that has elapsed since our last meeting together substantial progress has been achieved in the Coal and Steel Community. M. Poher will be telling you about that on behalf of the Common Assembly.

What I want to do, before answering such questions as may be put to me, is to tell you quite briefly what stage we have reached in our relations with the Council of Europe, with those countries which are not participants in the Community, and to draw a few lessons from the great European experiment in which we are engaged.

We have undertaken this experiment, let me say this, not only for our own sake but also in the interests of the other free countries of Europe. And that is why—I emphasize this—the High Authority is all the time concerned to supply full information about the progress of its activities to the Council of Europe and to the countries which are not members of the Community but which have some form of diplomatic representation *vis-à-vis* the Community.

In this six-nation Community, I can assure you, there are no secrets for others. We do not wait for questions to be put to us, we are out to anticipate them; and a system of supplying regular information has been set up, so that one and all can follow in a regular way the doings of the High Authority.

Every month the High Authority draws up for its own purposes a report on each successive stage of its development; and this report is communicated to the delegations which are accredited to it.



As regards our relations with the Council of Europe, discussion has been going on all the time between the Committees of the Consultative Assembly and the High Authority. In recent months the Committee on Social Questions and the Committee on Economic Questions have met in joint session with the High Authority at Luxembourg. Day-to-day working arrangements have been more clearly defined between the Secretariat of the Council of Europe and the various departments of the High Authority, as also between the Secretariats of the two Assemblies. And I should like here to re-affirm that the High Authority is at the disposal of the Committee of Ministers of the Council of Europe with a view to a general discussion with that Committee, some time in September, covering the whole range of our affairs.

We are now entering an active phase of negotiations between the Community and the countries still outside it. These negotiations will be dealing with the relations of the Community and of those countries with particular reference to special steel.

You all know that the High Authority gave a formal undertaking to G. A. T. T. that it would engage in negotiation with such countries as made a request to that effect before the institution of a common market for special steel. Up till now we have had one such request—from Austria; and, consequently, negotiations will begin with that country as soon as we have had a meeting, in these next few days, with the Council of Ministers of the Community.

As regards transport questions, important conversations are at present under way with the Austrian Government and with Swiss experts.

You are aware, too, no doubt, that the High Authority and the British Government are going to have preliminary conversations in London with a view to negotiations which—we feel sure—will have as their final outcome that association with Great Britain to which we attach great importance. Mlle. Klompé will be enlarging on this very important matter in the report that she will be making to you shortly.

I should like now, if I may, to suggest to you some of the lessons that we are learning from this European experiment.

The particular characteristics of our procedure are the pooling of resources of our several countries; the creation of common institutions, to which the national parliaments have voluntarily transferred certain elements of sovereignty and to which they have given powers of decision; and, finally, the undertaking of certain action in accordance with common standards applicable to one and all without discrimination.

In the matter of the common European market for coal and steel, trade shows an upward trend. The Governments which have agreed to transfers of sovereignty are abiding by the rules laid down by the Community. They are applying, just as are the individual concerns, such and such decisions as have been handed down by common institutions. If and when they have occasion to dispute any decision they are entitled to lodge an appeal with the Court of Justice of the Community, and final judgment is pronounced by that common and sovereign institution, not by Governments taking the law into their own hands.

Now that the resources of the six countries are common to all of them, it is in the interest of each one to achieve the maximum output. But it is also in the interest of each that there should be a levelling up of the less efficient concerns, so that the production of the latter does not have to be protected and become a charge on the community. This novel situation, naturally, is an inducement to the countries of the Community to act jointly and to extend to one another mutual aid.

Thus it is that, as regards coal, those countries whose cost price is below the average of the Community—at the present moment that is the case for Germany and the Netherlands—pay towards a compensation fund designed to make possible the reorganisation of certain Belgian and Italian coal-mining concerns so that they can be fully integrated in the common market as soon as possible.

Italy, for example, is now benefiting, for its imports of scrap, by a contribution financed by the Community as a whole, the purpose of which is to place Italian steel concerns on a

level with those of the other producing concerns of the Community.

Common interest is the mother of solidarity. It makes possible new solutions of current problems such as were not possible as long as the national mould was maintained. The financial expression of this solidarity is the levy provided for in the Treaty and charged by the High Authority on the total production of coal and steel of the six countries. This levy makes it possible to guarantee labour against the risks which have up till now been a source of trouble and which have hampered essential advances. It makes possible, in fact, the financing of a re-adaptation fund, thanks to which any workers who may have to change their jobs can be sure of receiving compensation on a scale that goes a long way towards removing their anxieties about the morrow.

This same tax constitutes the basis of the credit standing which the High Authority is building up, and thereby it will be in a position to contribute substantially to the modernising and development of the coal and steel industries in the Community.

You know, of course, about the loan which the High Authority has just arranged with the United States Government. And you know, too, the conditions upon which that loan has been guaranteed. That will show you what a joint credit warrants when it is added to the credit of the respective concerns.

The High Authority will proceed with its financing operations, in the United States and in Europe itself. This American loan is only a beginning. It gives us a glimpse of what a European credit standing will be and foreshadows what we shall be able to do when we are all united.

As things are to-day, every one of us can appreciate what a transformation can be effected by the European countries in their modes of life, in their relations with one another and in the general conditions of their development.

The six nations which took the initiative to bring about this first instalment of European integration were inspired from

the first by the conviction that what they were seeking to do was an indispensable undertaking. It was essential to secure their own future, essential, too, to blaze a trail along which those that were not with them at first might also advance when they came to take an active part in the creation of Europe.

The fundamental problems for which the six nations are now finding a solution are those of all the free countries of Europe. One and all, in the world to-day, share the same destiny. There is among them a *de facto* solidarity, and there is, too, a common ideal of peace, freedom and social progress.

The High Authority and the Common Assembly maintain their hopes that this Community of ours wherein six nations have assumed the initial risks and whereby they have laid firm foundations, will expand into something broader. We turn our thoughts to those countries which enjoy the freedom to come and join in our undertaking. Our thoughts also go, as M. Wehner reminded us in his speech at the Common Assembly, towards those Europeans who are not at the present time in the enjoyment of that freedom but who from the outset can be sure of their place among us.

Let us admit that the countries for whom I can speak have already established some measure of co-operation through the Council of Europe or other international organisations. That co-operation brings great benefit. It has also its limitations. It is not enough for nations to be kept regularly informed, to have the opportunity of exchanging views; it is not enough that the nations be assured that our purpose is beneficent, nor that they should show an interest in and a sympathy with the work that we have undertaken. It is necessary to go beyond that.

We have now had a certain amount of experience, and it has been proved what advantages there are for each and every nation in the development of the European Community. These advantages are certain to accrue, whatever may be the differing economic characteristics of this or that country.

The Coal and Steel Community unites a group of countries, some of which, in respect of coal, iron-ore or steel, produce more than they consume, whereas the others are primarily

consumers. One and all derive benefit from the pooling of their resources and from the progress of the common market.

The High Authority, with the help and support of the Common Assembly, will spare no efforts, I can assure you, to expand the range of this Community of ours. And, now that we have launched the experiment, all these countries which are not members of the Community must needs ask themselves whether the time has not come for them to take a more active and a more specific part in the building up of a united Europe.

**The President.** — Mlle. Klompé and M. Poher have been nominated by the Common Assembly to present its views to this gathering.

I call Mlle. Klompé.

**Mlle. Klompé** (Netherlands). — Mr. President, last year when we met for the first time as a Joint Meeting after our two Assemblies had accepted a proposal made by Lord Layton and M. Monnet, I felt it my duty to interpret the feelings of the Common Assembly towards European unity as such. On that occasion I explained to you that the Common Assembly considered the Community as a solid nucleus, open in character, out of which the greater unity of Europe as a whole should grow.

This declaration still stands. The political events at European and world level in the year that has passed have deepened our conviction that the future of the peoples in the West and of those behind the Iron Curtain depends on the success of our endeavours to fuse our common interest and to build a strong and united Europe not only in the military sphere but even more in the economic and social fields.

The Community is now on its feet, and so is the Assembly. It is with great satisfaction that I can state here that the influence of our Coal and Steel Parliament is constantly growing. I should like here to mention a decision taken recently by the Ministers of the Six to the effect that, after the final instrument of ratification of the E. D. C. Treaty has been deposited, the six Governments will promote general elections for the composition of this first European Parliament. The Common Assembly, in a

motion voted last night by a great majority, has welcomed this most important decision.

An important development, furthermore, is the fact that last January we were called as an Assembly to an extra session in order to give the High Authority the opportunity of discussing with us the general lines of policy in the field of investment. This procedure of consultation *a priori* on general lines of policy is also continuously practised at the regular meetings of our Committees with members of the High Authority.

The debates of the last ten days have also shown, to my mind, an improvement as compared with last year. We have passed the stage of good intentions for the future and we have come down to practical business.

The High Authority has been subjected to criticism and questioning, as every Government would be before its national Parliament, and I consider this a sound development. It can only strengthen our executive's authority.

Now, let me dwell for a few moments on our discussions in the field of relations with other countries and international organisations I can be brief, as the President of the High Authority has already mentioned many aspects in his official speech.

First of all, there are our relations with Great Britain. As M. Monnet pointed out, the High Authority last December sent a proposal designed to form a possible basis for discussion. It was hoped to open negotiations and to come to a close and enduring association with the Community, this being the expressed desire of the British Government, as well as of the Community. In this proposal the High Authority did not ask for the establishment of a common market, because this would in fact mean a transfer of sovereign powers which would not be acceptable to the British Government.

The general line of the proposal was the following. First, an association between the two countries to the effect that mutual protection—measures of restriction and so forth—should be curtailed, or, if possible, abolished, and a set of rules should be laid down which would be respected by both parties. Secondly, a procedure of common action. Thirdly, the establishment

of joint institutions to watch over the functioning of the system, to prepare the common action and to take decisions in mutual agreement.

You will understand that in this short introduction I cannot go into further detail. I should like only to stress that this proposal is in full conformity with the views of the Common Assembly.

The British Government replied in a letter of April 29th, which invited the President of the High Authority to come to London for the purpose of initiating the proposed discussions. This visit will, we hope, take place in due course. I should like to stress the very great importance which the Common Assembly attaches to these negotiations and, even more, to the results finally achieved.

We fully understand that many obstacles will have to be removed and that our common road to unity will not be paved with roses alone. We shall need a great deal of good will on both sides, and a strong conviction that such an association will be a great contribution to the prosperity of our peoples and to the peace of the world. We understand that we must be patient and that we have to proceed step by step, but we consider the time has now come when we must no longer speak in terms of future intentions, but must take that first step.

The British Government has repeatedly made it clear that it desires an intimate and enduring association. When a Government of such a great country makes such a statement, it is perfectly aware as to what this means, namely rights and duties on both sides. I should like to appeal to our British colleagues who are members of the Consultative Assembly to do their utmost to convince their Government that a solution must be found to the difficulties which will, naturally, arise in the course of concrete negotiations. The Common Assembly, on its side, has made it perfectly clear to the High Authority that no effort should be neglected to come to concrete results, and we know that the High Authority fully shares this feeling.

I should like to say another word about Austria. On July 1st the common market for special steel will open, and Austria is

very much interested in the policy of the Community with regard to import duties in this field. Now, the Common Assembly, as well as the High Authority, feels that the situation in which Austria is involved should have our special attention. That country, unfortunately, is not in a position to make a free choice in respect of its relations with the Community, as long as the Soviet Occupation has a veto in this matter and, unfortunately, uses, or rather abuses, this right. In this respect it is important that the West realises that we all have a certain responsibility.

Next to West Germany, Austria is the most exposed outpost to Eastern Europe. The peoples behind the Iron Curtain will look to Austria as being the nearest country of the West, in which the West is building its society, and they will be watching carefully to see how it gives the common man the possibility of a decent living in freedom. Now, if we go to help Austria—for we are convinced that this country needs special attention—we are faced with a problem. We have our international obligations in the framework of the G. A. T. T. with its rule of non-discrimination.

It is the spirit of the Treaty instituting the Coal and Steel Community that import duties, being used as a means to protect the Community's market, should be decreased. A free flow of goods from outside would stimulate the competition on our market, and that is exactly what the Treaty stands for. However, we can cut our import duties only if we get guarantees from third countries that they will avoid the practice of dual pricing or dumping. I do not think it necessary to explain this; in my opinion it is self-evident.

Now, suppose we come to terms with Austria in this respect and therefore decrease import duties, the most-favoured-nation-clause of the G. A. T. T. would compel us to give the same privileges to other countries.

Here, understanding and a relationship of solidarity among all the European countries is needed. Two possible solutions could be envisaged, the first being that other countries, especially Sweden, should waive this right of non-discrimination. A better solution, however, would be to secure the same guaran-



tees in order to allow all interested countries to be given the same privileges. I am putting this problem to you especially, because I think it is a good example of how the Members of the Council of Europe could show their solidarity, and how a discussion such as we have here today could be useful in order to come to a better understanding of our common problems and to the promotion of closer co-operation.

I am quite aware of the fact that the responsible Governments have the final say in this matter, and that it is a rather difficult and delicate one. However, I would suggest—and I hope, as good parliamentarians, you will agree with me—that we attach some importance to the influence we can all exercise on our Governments at home. It is for this reason that I would launch a strong appeal to Representatives of the countries which are not Members of the Community to do their utmost, with us, to bring these problems to a good solution.

So much for my comment on our relations with the European countries. I now come to our co-operation with the framework of the Council of Europe.

Last year the Consultative Assembly sent a Resolution, No. 31, to the Community, and the Common Assembly has paid great attention to this. In fact, at our January Session we discussed and adopted a report on this matter, and I am informed that this report has been distributed to all of you. The spirit which animated this report was based on three considerations. The first was our firm desire to establish links as close as possible with the Council of Europe in order to create, by mutual information and discussion, the right atmosphere to encourage other countries to join us, either as full or associate members.

The second consideration, running, in consequence, more or less counter to the first one, was that in order to encourage the adherence of other countries something should be left to be desired; in fact, if non-Member countries could obtain all the necessary information and were able to discuss all our internal problems, what would remain for them as a stimulus to join us? Moreover, it would be a one-way traffic, which would not be in conformity with the principles of reciprocity which both organisations have adopted from the beginning. The problem

was to seek the right balance between these two considerations.

The third consideration was that the character of our institutions is a different one and, therefore, a confusion of responsibilities should be avoided.

I shall not read out to you the text of the Resolution which finally resulted. I take it that you have read it. If you want any further information, I shall be only too glad to give it to you during this debate. The basic idea is that we do not exclude a mutual discussion between Committees of our two Assemblies but prefer *ad hoc* decisions to a solution of an institutional character. As M. Monnet pointed out a few minutes ago, the Council of Ministers of the Community has taken more or less the same line. Moreover, we proposed to you what, in our view, is a more proper procedure with regard to the exchange of documents between the two Assemblies and the two organisations as a whole.

I do hope that the Consultative Assembly will accept this procedure and will vote a short Resolution as a result of this joint session, dealing only with the matters that have been discussed here today. It could then be left to the September session of the Consultative Assembly to give more thorough and detailed attention to all the problems involved after the study of the final and full report, which the Common Assembly will be sending, after its session, to the Consultative Assembly, in conformity with Article 2 of the Protocol attached to the Coal and Steel Treaty.

In the Report which the Political Committee of the Common Assembly submitted, and which has already been adopted by the latter, we again made it very clear that we considered the role of the Council of Europe as one of growing importance. This centre is needed by all of us to keep together the whole of Europe and to create an atmosphere of mutual understanding which can result in practical and concrete agreements that will link our countries and which will be likely to promote the harmonisation of our mutual economic interests.

I should like to repeat, though perhaps not in the same words, what the President of the High Authority has said,

namely that we have now come together to get down to business.

These are the few comments which I wanted to make as an introduction to the Debate.

I conclude with a personal remark. What is the final goal for which we strive and which has brought us all here? Is it European unity? My answer is, "No". The framing of European unity is a means but not an end. Our goal is to bring peace to our peoples who are living in fear and under great stress. The common man in our countries feels himself surrounded by powers, some of which were brought into being by mankind itself. For instance, I think of atomic energy. The common man feels that he is unable to control these powers. He has lost the harmony which should exist between his daily life and work, on the one hand, and his spiritual values, on the other. He now belongs to a mass, and he risks the danger of losing his individuality.

We must help this common man in order to give him back his internal harmony and to maintain his human dignity and spiritual freedom. It is indispensable in this respect that we should guarantee him his work and a decent living. Therefore we must increase our productive capacity and improve social conditions.

We can achieve all this only by working together and by making ourselves responsible for the problems of others. This will mean sacrifices for all of us; and our peoples hesitate. We should not hide this but we should acknowledge it as a fact. It is up to us, representatives of our peoples, to persuade them to have confidence in the future, to have confidence in their freedom, and to make them realise that their own well-being is at stake.

Today the situation is quite clear; either we survive together or we perish together. There is no alternative. I myself am convinced that our Europe, old though it may be, has still enough moral strength to make the right choice. Our work here can make a substantial contribution towards this. May we all be aware of the seriousness of our work, and thus bring about peace for our peoples and, consequently, for the world as a whole.

**The President.** — I call M. Poher.

**M. Poher.** — (F) Mr. President, Ladies and Gentlemen, you have had a number of remarkable reports submitted by the Common Assembly, and the President of the High Authority and my distinguished colleague, Mlle. Klompé, have already informed you of the essence of our activities and of what is in our minds.

I shall be communicating to you shortly a written text about the activities of the Assembly of the Coal and Steel Community so that in this joint session of the two Assemblies I can confine myself to opening the discussion with an account in broad outline of what has already been accomplished up till now, and also of what has been put in hand, by agreement between the High Authority of the Common Assembly.

I should like you to realise, first, that your colleagues belonging to the six nations have by no means ignored our common problems, and you can be sure that I shall bear in mind the points on which you expressed concern here last year. We are fully aware that they are of a considerable importance for the future of united Europe.

M. Monnet, President of the High Authority, when he appeared to speak to the Common Assembly the other day, affirmed with a certain pride: "The Community is today a living reality." I must say that after ten days' debate and discussion of our annual Resolution, on which we have not yet taken the final vote because we wanted first to deliberate with you who are outside the Community, we really have got the impression that this experiment is bearing positive fruits. Even though it has not fulfilled all our hopes and aspirations, manifestly this Coal and Steel Community is a living organism; it has an active existence of its own, and there is no doubt that it has brought about in the six countries concerned a new situation. The proof of that is our profound conviction, which we all share, that there would be something missing in the life of our respective countries if we were to destroy by our own action or, indeed, if we were to allow to perish, by negligence or indifference, this supranational community which has raised so many hopes in our hearts today.

The institutions of the Community are operating. The High Authority does exercise its supranational power. It has established a routine of regular contact with representatives of the producing and the consuming concerns and with representatives of the workers. It takes decisions which have the force of law. Such decisions are carried out. If, now and again, they give rise to an appeal for a judicial opinion, is that not a proof of confidence in the Court of Justice which is there in the Treaty as the supreme guarantee for both the national Governments and the business concerns? The Common Assembly has met twice since last June. I may add that an Extraordinary Session—I might almost call it out-of-the-ordinary—has been decided upon for October next. The periodical meetings of the various Committees of the Assembly have ensured a regular system of supervision and, in the context of our parliamentary life, there is no question but that May/June, 1954, no longer corresponds to the state of things in September, 1952.

We are particularly pleased to be able to state that the High Authority does not mind accepting innovations suggested by the Common Assembly. By the fact that it does not demur to an extension of the Treaty in accordance with democratic principles the High Authority, while coming to the aid of its parliament, can also be said to be sustaining itself on the growing authority of that parliament, and the supranational community as a whole is thereby to no small extent reinforced.

The common market is a reality. Trade in coal and steel as between the various member nations has been on the increase : for coal the increase is 22 per cent in 1953 as compared with 1952. For steel, 23.7 per cent for the last quarter of 1953, as compared with the first half-year of 1953. I would ask you to be indulgent if these records are not altogether complete. After all, our experiment has not been going on very long, and I think I can say that the results will be even more eloquent as time goes on.

Now it is true that this expansion may well have been facilitated by the general economic trend of demand catching up with supply. But the point is that it has made possible the maintenance of relative stability in the matter of production,

without any question of a slump, and it has also ensured a certain stability of employment.

There has been expansion of trade, too, as regards iron ore. The fact that certain quantitative restrictions on the export of French iron ore were abolished has meant that for the whole of the year 1953 deliveries from the French mines to Belgium and Luxembourg, for example, went up by more than 10 per cent in comparison with 1952. One effect of this increase in the iron ore transactions has been an expansion in production of iron ore in France and a curtailment of the use of scrap in Belgium.

The fact that the common market is a reality is demonstrated likewise as regards trade in scrap; I would remind you that freedom of exchange of scrap within the common market came into force on March 15th, 1953.

Trading figures for scrap within the countries of the Community show a substantial increase, for example, from 36,000 tons a month in 1952 to something like 160,000 at the end of 1953. This has had as one consequence—and it is yet another example of what I have been saying—that Italian steel firms have been able to cut down their imports of scrap from third countries.

Competitive conditions are gradually being brought about—and particularly by the abolition of quotas, customs dues, restrictions on foreign exchange currency, and the suppression of dual prices, the effect of which had been to create privileges for certain consumers and additional charges for others. And let me say that one of the essential conditions for the restoring of competition was the publication of price-scales which had been freely determined by steel or coal-mining concerns, the progressive abandonment of systems of maximum prices, which are now maintained only in the Ruhr Basin and in the Nord and Pas-de-Calais Departments of France.

Lastly, let me say a word about the elimination of discriminatory practice in regard to transport. I am referring to the procedure by which different rates were charged to different consumers for the same transporting job; I am referring also to the gradual abolition of subsidies which involved a permanent régime of protection in certain markets, as also the

abolition, more swiftly than had been expected, of special dues, which makes possible the adaptation of certain of the weaker economies to the rigour of competition. This all adds up to making competition a reality.

What is more, the Community has made secure its international credit. With the levy on the coal and steel production of the Community, as you know, Ladies and Gentlemen, we have seen the birth of the first European tax. If to some people it seems rather a heavy charge, the great thing is that it has enabled us to lay the foundations of the international credit standing of the Community.

The Assembly Resolution which you have before you can justifiably hail with satisfaction the American loan, the first venture on the international financial market.

As you can see, united Europe sets store by normal financial and economic transactions, which are a definite improvement upon the charity extended to the nations one by one. This loan policy will in future make it possible to secure really supra-national achievements.

Perhaps the best example of this is what has already been initiated in the social sphere. 25 million dollars are being allocated to finance the building of workers' dwellings. 7 million dollars are being set aside for the re-adaptation of labour becoming redundant owing to the closing, or the development, of particular concerns. This anxiety to come to the immediate help of the workers, appears to us, I must say, to be one of the most encouraging signs in this first period of the life of the Community.

What I have said, however, does not mean that there are not still some uncertainties with regard to the tasks that have been set in hand. Such preoccupations have just been ventilated in the debates by our Assembly; and—I am bound to say—generally speaking, they have met with benevolent consideration from the High Authority.

In the economic sphere the Common Assembly has continued to try to establish the sort of conditions that are necessary for a lowering of prices; the object is—that is clearly stated in

the Resolution—to protect, and indeed to expand, the competition facilities of the coal and steel industry where and when that industry is threatened by substitute products. The Assembly is also concerned to bring about an increase of consumption in the industries dealing with the transforming of materials.

In the Resolution you will find a series of paragraphs designed to provide a safeguard against concerted action by groups of individual concerns. The Assembly, as also the High Authority, is bent on action “to effect a transformation in such organisations of whatever is worth maintaining, from the economic and social point of view, in an acceptable manner, but no less to eliminate whatever is actually contrary to the provisions of the Treaty.”

Both the Assembly and the High Authority are equally concerned to make the common market really effective by getting rid of administrative formalities, such as are still too often hampering the exchange of goods within that common market.

This year, too, there has been some thought on the question of harmonising the fiscal policies of the Member States—always with a view to promoting conditions for making fair competition a reality.

Now, in the transport sphere the High Authority has set out upon a course of action—and in this it has had virtually full approval by the Common Assembly—the purpose of which is to bring into force international direct rates and general uniform conditions for the various transport concerns. It is all to the good that this action has already been started in co-operation with the Governments. And it will not escape you, Ladies and Gentlemen, that such co-operation is an essential condition for the success of the efforts that have already been undertaken. On this matter the Treaty has laid down what shall be done.

In the sphere of investment the whole future of the Community must depend on the rhythm of its expansion and, consequently, on the development of markets for coal and steel. Such demand will only be assured by a reduction in the cost price of the raw materials used in the steel industry. I must express satisfaction, by the way, at the fact that the Council of Ministers took the initiative in this sense on 13th October, 1953,



when the Ministers decided to study jointly with the High Authority the general policy of expansion and investment.

Coal and steel are not an end in themselves, and therefore the expansion of those two industries is only possible if and when a similar policy of expansion is contemplated for the consuming industries—such as the Governments can bring about themselves.

In the social sphere the Assembly has not overlooked the ultimate aims of the Community. These aims, as I see it, are predominantly humanist; that is to say, if a certain course of action is initiated in the economic and technical sphere, it should help towards an improvement in the standard of living in the various countries, and the Treaty stipulates that particular attention should be given to the living and working conditions of labour, with the idea that those conditions may show orderly progress.

The Assembly, as I say, has made a special point of dealing with the immediate social problems in connection with the position of the workers in the Community; and I feel I can say that the Community as a whole has determined to go forward in the service of man.

In this connection everything must be done to make possible the application of such measures of readaptation as are provided for the protection of workers compelled to change their employment owing to changes in the conditions of production; such changes would necessarily become more far-reaching as the full effects of the common market came to be felt.

It is in the sphere of housing that the Assembly's plans have been most evident, as a result of studies made on the spot by a group of its members, studies which have certainly demonstrated that there are very serious needs.

The Assembly intends to take an active part in the efforts to provide adequate housing for the workers in the mines and also for the workers in the steel industry of the Community.

A certain amount of thought has been given, too, to the legal formalities relating to the houses which are being placed

at the disposal of the workers, the object being to avoid any such housing arrangements involving the workers in being thereby more beholden to the business concern which they are serving. I don't mind saying that, as I see it, this interest in the social side which is being displayed by the various institutions of the Community should ensure the support of the masses for the Community, which is what we all want. If this supranational Community contrives to operate in the service of man it will have demonstrated that it is not a merely theoretical construction, nor indeed a technocratic cartel of a new type.

I have endeavoured to trace here the essential lines of what has been accomplished and to indicate the prospects ahead. The representatives of the non-member nations will now, I hope, be able to appreciate that the matters on which they had something to say last year have already been to some extent satisfactorily dealt with, and they will have, I trust, found some reason for satisfaction in what I have said.

In conclusion I want, if I may, to refer to a speech which was made last year at the first Joint Meeting and which referred particularly to commercial policy, the coordination of investments and the social purpose of the Community.

Now, as regards the commercial policy of the Community, you will surely have realised, Ladies and Gentlemen, that the specific purpose of the Community is indeed to develop and expand trade, and such a purpose is not compatible with the existence of cartels setting out to limit production to the detriment of consumers and workers.

Nevertheless, I would admit that—in the sense used last year by the distinguished speaker representing a non-member nation—the High Authority seems to draw a distinction between combines which are undesirable and other combines which are for the time being tolerable; the idea is to dissolve the former but to make use of the latter, insofar as they may be in conformity with the general interest of the Treaty.

On the matter of investment policy, I have told you of the particular concern of the High Authority and the Assembly that investments may be developing uniformly within the Com-

munity, and I am sure you will agree that this is in line with the desire expressed last year by certain representatives of non-member nations that coordination of this kind should be extended, wherever and whenever possible, to a wider range of countries.

Then last year some people were worried about how to increase the consumption of steel. I think that this point is adequately dealt with by the constant endeavours of the High Authority, the Council of Ministers and the Assembly, as I have told you, to pursue a policy directed to the expansion of production. The success of that, of course, depends on the future of the engineering industry and indeed on the development of industry in general, not to speak of agriculture, these questions being still within the scope and competence of the Government in each and every country.

Mr. President, Ladies and Gentlemen, at the first Joint Meeting of the Consultative Assembly of the Council of Europe and of the Common Assembly we sought to explain to you the principles of this Community of ours and how we were setting about our work. You, on your side—as we had indeed hoped—took occasion to express your hopes and your fears with regard to this new organisation.

We have now been operating for a year. If our success has not been as great as some people hoped, let me remind you that this Community of ours has undoubtedly forged ahead and it has built up in a particular sector of economic life an entirely new structure.

I do not think that you can reproach us, on the occasion of this discussion, with having fallen short of the promises made last year. If this record of our activities, which is now under discussion, has at least brought our points of view closer together and given us the chance of meeting together to discuss our various ideas, perhaps it will also have stimulated in you the desire—and now I am speaking directly to those nations who are not members of the Community of Six—to come in and try to build up with us Europe and its new institutions. For, as Mlle. Klompé said just now, this is probably the only way of safeguarding our future. (*Applause.*)

**The President.** — (*F*) Ladies and Gentlemen, I am sure I am speaking for all of you in thanking the President of the High Authority for coming to speak to us here, and also the rapporteurs of the Common Assembly for the Reports which they have made to us.

There will be an opportunity for questions and for a discussion of these Reports at the next Sitting, which will take place this evening at 9 p.m.

At 5 p.m. there is to be a Sitting of the Consultative Assembly of the Council of Europe.

The Sitting is closed.

*(The Sitting was closed at 4.5 p.m.)*

## JOINT MEETING

SECOND SITTING, 9 p.m., MAY 20th, 1954

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## IN THE CHAIR M. ALCIDE DE GASPERI,

### President of the Common Assembly

*The Sitting was opened at 9 p.m.*

**The President.** — The Sitting is open.

We shall now continue our discussion on the General Report of the High Authority.

I call Mr. Brooman-White.

**Mr. Brooman-White** (United Kingdom). — Mr. President, at this particular moment I do not think that it would be appropriate for a British Representative to comment in detail on the working of the High Authority, except, if I may, to congratulate M. Monnet and all those associated with him on the progress that has been made. In speaking of those associated with him, I am sure that M. Monnet would not take it amiss if I were to include Sir Cecil Weir. Sir Cecil was, I believe I am correct in saying, the first leader of a delegation from a non-Member State to be accredited to the High Authority. He has made great efforts, and we hope successful efforts, to explain the British position and the special difficulties and circumstances which determine that position, and which we all know that M. Monnet and those associated with him appreciate as keenly as anybody. I can assure M. Poher, in reply to the closing remarks of his speech, that we, as a country outside the Community, are not likely to register any disappointment with last year's achievements by the Community.

M. Poher's final words were in the nature of an invitation to try it ourselves: "Come in. The water's fine." I know that he was not really inviting us to take the plunge, in the sense of full membership of a common market. In the light

of the correspondence with M. Monnet, we may interpret M. Poher's remarks as meaning, not : " Come in and join us " in the full sense of the phrase but rather as saying : " Come and join hands with us as closely as may be, and in such a way as will give both of us support without any risk of pulling either of us off our balance. " That is certainly what we wish to find a way of doing. As Mlle. Klompé pointed out in her opening remarks, it will not be easy. I think we must face that, and other speakers from our country may again point to some of the practical difficulties in our way; but there is no reason whatever to believe that it will be impossible.

We have studied with interest the Report published by the High Authority. I may say, in passing, that I think it would be helpful to some of us if this Report, in addition to the admirable material it contains, also made some reference to trade with third countries and to tariff adjustments in relation to steel among the Member States. I do not see why it should be strictly limited only to things within the direct field of activity of the High Authority. I do not see why a little more of the background should not be sketched in, so that we can see the picture more clearly in proportion. However, that is only a remark in passing.

We appreciate that during the year which has gone by the High Authority itself has met many difficulties. In a new movement such as this, advancing over entirely new ground, it would be unrealistic to expect that everyone taking part should move meticulously in step for every yard of the way. There is bound to be some stumbling and jostling. The important thing is that the movement should continue to move, and that it should continue to move in the right direction. The High Authority can certainly claim to have accomplished that throughout the past year's work. One can also hope that the impetus which has been gained, thanks to a period of relatively favourable trading conditions, may enable the High Authority to go ahead without any great loss of momentum, even if events were again to take a turn for the worse in general market and trading conditions.

We note that, not only has the High Authority been successful in traversing this new ground in European co-operation but also through the recently-negotiated loan from the United States



it has established a fresh precedent in the relationship between the new organisations of Europe and the United States. That might have wide implications and great importance for the future.

I said that it might be inappropriate for me to discuss in any detail the recent operations of the High Authority. After the speeches of Mlle. Klompé and M. Poher, it might also be repetitive if I were to do so, and I should like to spare the Assembly that. It would equally be premature, I think, for me to discuss, or try to discuss, in any detail the prospects of our own future dealings with the Community.

I am myself the Parliamentary representative—precariously but at present—the Parliamentary representative of one of the most important steelmaking areas in the United Kingdom; and I can say this—and I am sure that no informed person in our industry would disagree—that we await M. Monnet's visit with pleasure and with the deepest interest.

The exchange of letters which has already taken place has opened the way for wide discussions. The Assembly is already well aware of our preference for the piecemeal and practical approach—Mlle. Klompé has indeed again referred to our *ad hoc* methods. That has been recognised in the correspondence; and it is hard to believe that on the general lines of approach which have already been indicated it will not be possible to make headway towards a closer relationship, to the mutual advantage of all concerned.

Among the questions which occur to one are matters such as development plans, raw material supplies, and the possible reduction of obstacles to trade. These are, obviously, worthy of our further consideration. So, it seems to me, are questions relating to market trends and the ensuring of fair competition in good times or equally in bad. There are also the big issues on which M. Boggiano Pico touched this morning at the opening Sitting of the Consultative Assembly: the big issues relating to development in Africa and other lands which one might label as the question of co-ordinating our aid for the under-developed areas—at least in so far as capital goods and heavy industrial equipment are concerned.

In all these, and perhaps in other ways also, we shall seek means of progress for the common good. We await the moment when we shall be welcoming M. Monnet on his arrival in the United Kingdom.

**Mr. Chetwynd** (United Kingdom). — Mr. President, I am happy to follow my colleague from the British House of Commons and to say that, although we differ fundamentally in our approach to the organisation of the coal and steel industry within our own country, as I hope to show in my remarks, on his approach to wider association with the European community there is not very much between us. But he, of course, supporting the Government, must take a far more cautious line than perhaps I in the important responsibility of Opposition can do.

A year ago, at the first joint meeting of the two Assemblies, I congratulated the High Authority on the speed with which it had put its plan into operation and upon the comprehensive nature of its reports. I, again, offer my sincere congratulations. At this point, I would wish to make particular reference to the publicity departments of the E. C. S. C. They have kept us in our own countries amply supplied with the most detailed information about the proceedings of the Community, and I, for one, have found them most helpful.

Now, Sir, the question before us today is not that of full membership of the Coal and Steel Community by Britain. That is still an impossibility; and I think that is frankly recognised now by all. The question is how can the United Kingdom associate with the Community within the limited framework imposed by the British reservations. These are, of course, well known. First of all, we cannot contemplate any transfer of sovereignty over our basic industries to a political supra-national authority.

In the second place, we cannot abdicate from our obligations to our Commonwealth, so we must consider tonight and in future discussions what is involved in this question of closer association, what are the advantages, and what are the disadvantages, to Britain and to Europe. I hope to deal with these mainly under two headings: first of all, the political advantages; and, secondly, the economic, which perhaps in our

eyes may seem to be more disadvantages than advantages. In that connection I shall deal, I hope, with tariffs, with double-pricing, and with Imperial preference. But I wish to say this straightaway : that the time for delay is over; that it is now the time for action. I believe myself that the negotiations have already taken too long. After all, it is almost a year since we were debating in this Assembly the need for closer association. That need is self-evident. It is now time we got down to association itself.

The action of the High Authority in the last year has been very closely watched, as my colleague said, by interested parties in Britain. The question of association a year ago was perhaps premature. Some people in my country felt for certain that the Community would fail. Some felt that it would not be able to make its influence felt against cartels and combinations in Europe. But it is quite clear, from what we have heard today and in the reports, that the results of the last year's work are satisfactory; we can go so far as to say that it is now clear that the Community has come to stay and that, as far as Western Europe and Britain are concerned, it is a power to be recognised and one with which we must negotiate to establish a firm and enduring association.

Let me try to look at the political advantages of a closer British partnership. It seems to me and, I feel, to the Government of Britain, too, to our advantage to be part of a new and developing Europe, gaining strength within ourselves and in return giving strength and political experience to the new Community. From this development of mutual understanding and growth and from the development of a common purpose we might proceed to far greater things, provided—and I made this reservation at the beginning—that there is no fusion with a supranational political authority. And I believe that our Government is anxious to show to Europe, in this association, a token of close co-operation which should give encouragement to the other developing European organisations.

As for the economic advantages, it is perfectly clear that a single market unaffected by a maze of tariffs, by currency regulations and quotas, is an advantage to all of us. I am sure it would lead very soon to an expanding pattern of trade.

I am sure it would lead to an advance in the productive efficiency of the two industries concerned. I am sure that an association would enable us to take a more vigorous, more sustained, and more effective action against cartels and against any restriction of production. I am sure it would lead sooner rather than later to a general raising of the standard of life throughout Europe and the world. In this association the consumer would reap the benefit of all the advantages which would be gained.

But I think that it would be quite unrealistic unless I were to remind M. Monnet in all humility, certainly with no desire to be critical but only with the desire to be helpful— and it is only in order to be helpful that I make these comments, frank though they may be—that it is no good anybody coming to London to negotiate, thinking that the battle is won. The battle is certainly going to be a very severe one. There will have to be long and protracted negotiations, and a lot of work will have to be put into them. I know that M. Monnet will go fully convinced of that himself.

The fact is that British public opinion is not fully roused to what is involved in the European Coal and Steel Community. There is no climate of opinion in the country for participation or association in this work. Although I represent a steel constituency, if I were to ask most people there what E. C. S. C. stood for, I doubt whether one in ten thousand could tell me. We are battling against a lack of knowledge among the ordinary public.

After that, M. Monnet will have to contend with a steel industry which, in the main, is opposed to any further change in our relationship. There is a widespread feeling that in times of difficulty and of changing economic conditions decisions would be taken in Luxembourg which would have the effect of closing mines and steel works in South Wales or the North-East Coast of England. That is one of the major difficulties with which we shall have to contend.

There is a strong opinion on both sides of industry in our country—both the production and the labour side—that tariffs are a necessary safeguard against dumping. It must be faced that Imperial Preference is probably one of the greatest bones of

contention between us, but it is still a fact that we look to our Commonwealth Preferences for export outlets. We cannot ignore the fact that about two-thirds of British exports are absorbed by the Commonwealth countries. Again, we might wish to do something about it, but we cannot blink the fact.

I come to the actual proposals made to our Government by the High Authority. I should like to ask what the three proposals involve for Britain. I agree with the wish of the High Authority as expressed in the letter of 24th December to our representative at Luxembourg. The High Authority wish to know at the earliest possible moment the intention of the British Government in respect of the establishment of a more concrete form of association. The High Authority make it clear in their letter that the questions of a pooling of resources and the creation of common institutions, to which should be accorded a delegation of sovereignty and certain powers of decision, are not acceptable to the British Government or to British public opinion.

The High Authority make three proposals. The first is for an association between the markets by virtue of the reduction and, if possible, the elimination of reciprocal protective measures, and the institution of rules which each party should undertake to respect. That point is amplified later in the letter. Secondly, they wish to establish a procedure for common action. Thirdly they wish to establish joint institutions responsible for watching over the operation of a system for preparing common action and for taking decisions in common agreement.

I should like to know how far the proposals to have rules for association amounts, in other words, to the common market as you who have established the Community know it. Are you putting forward to us under this guise what you already have on the Continent? If that is not so, how far are you prepared to accept a partial recognition of certain rules and a partial abrogation of other rules? Is it possible to be in the Community and out of it at the same time? That is what we want to know.

As I see the position, the rules put forward in the letter ask for full participation—in actual fact, for full membership. Obviously, whoever is negotiating in this matter will have to

clear up that question and give us more information before any progress can be made. Admirable as these are as heads of discussion, they need further amplification before they can be acceptable to all of us and before their implications are made clear to Government and Opposition in Britain.

On the question of a procedure for common action, as I read the details of that, it means an exchange of information, an examination of the trends of the market and labour conditions, to establish in common the long-term outlook for consumption and exports. That is absolutely essential for any proper relationship between us. That is going on at present under the existing set-up. I wish to ask what are the sanctions behind this, or are there any sanctions behind this kind of arrangement? Is it purely to be what we should call a "gentlemen's agreement" between the two parties that they should behave in this kind of way towards each other, or are there to be some sanctions behind it, to enforce the procedure for common action?

Thirdly, it is proposed that there should be a council of association composed of three members of the High Authority and three members appointed by the United Kingdom. They should discuss the application of the rules agreed for trade between the markets and prepare the action to be undertaken in common, or take decisions reached by common agreement.

We must face the fact that it is more than likely that, on occasion, there will be complete deadlock between the two sides, and we must ask what machinery is involved to deal with such a situation. Is there to be reference to a court, or a common parliamentary institution, embracing the two? It will be understood that both our coal industry, which is nationalised, and our steel industry—which, at the moment, is 90 per cent nationalised and may be 100 per cent re-nationalised later on—are subject to close parliamentary control, and we should not be willing, for one moment, to give up something which we have obtained in these basic industries unless we were absolutely certain that public control would continue.

Having said that, I want to put certain questions to M. Monnet. I think it would be helpful to do so because I am certain that if he can answer them to the satisfaction of the British

negotiators, the British Government and people, his battle is virtually won. First, how far does a common market exist in Europe? At the moment we know from what we have heard that it has made tremendous strides, especially in the last year, but there are elements in British industry which are not yet convinced that there is a common market in coal and steel in Europe. One of the major tasks of the High Authority will be to convince those people by action that a common market does exist.

Secondly—and this is of political as well as economic importance—how far is there an effective system of control against unfair competition and discrimination? In other words, how capable is the Authority of exercising its Treaty rights and obligations against cartels? One of the bitterest memories we have is of the way in which the growth of cartels and monopolies wrecked our industrial expansion between the wars. We do not wish to see a recurrence of that, and we wish to be assured that the Authority is determined to put down these cartels wherever they exist.

Thirdly, on the question of prices, how far has the fall in prices of steel in the Community countries been due to the policy of the High Authority, and how far has it been due to world causes outside the Authority? There is a feeling in Britain that prices would have come down in any case, regardless of the action of the High Authority.

Fourthly—and this is rather a delicate question, in relation to which I ought, perhaps, to be a little chary, not having attended all the meetings which have taken place in the past fortnight—is the High Authority the master in its own house? I am sure it is, but the British public must be convinced. They judge things empirically and not on formulas or constitutions. If the High Authority can prove that it is master, a large measure of support will be forthcoming from Britain.

Having put those questions, I want to examine what the British Government can do, or what they can be expected to do. First, I must make it quite clear that the Government are much concerned with the political advantages to be gained by a closer association. This would support them in their

international policy. But no matter how much they are seized with this, no Government in our country could ignore the industrial repercussions of a policy of close association. I admit that the Government have been slow to act so far. I cannot see why they took so many months to send a reply to M. Monnet, asking him to see them and talk about this matter. It does not take four months to do that. But I must say, on behalf of the Government, that they have agreed to this step in the face of strong opposition from powerful interests in our country, and they should be congratulated on the willingness they have shown in this respect.

Can we get an agreement on a limited field, dealing solely, for instance, with tariffs, exports and investments? That is, certainly, a possibility which should be envisaged. If we can first get agreement on a narrow field, we may be able to learn to make progress in future, but this association must be a relationship between Government and Governments. It must be a relationship between the British Government and the High Authority and not between the British steel or coal industry and the High Authority. It must be a definite relationship, I repeat, between Governments, and *not* a commercial relationship between two groups of producers. If that came about it would be doomed to suffer a repetition of what happened in pre-war days.

When the Government replied inviting M. Monnet to London, it was interesting to note what the Press reaction to this plan was in British responsible papers. The Government's reply to M. Monnet's proposals incurred, I should say, no more than a gentle criticism. *The Times* referred to it as "cautious and non-committal." Of course, that was a masterpiece of understatement. The *Financial Times* said: "This is a non-committal document. Why, after all this time, is it a mere invitation to discuss" what precise form the future association between the United Kingdom and the Community would take? There was a warning to the effect that "Almost every interested industry and trade union in the United Kingdom is opposed to establishing a closer association with the Community than at present exists." The *Manchester Guardian* said: "The British Government has returned a nice, but non-committal, answer



to the invitation from Luxembourg. But, having said how desirable such an association would be, the Government gives no hint of its intentions." I think that is a weakness in our reply. The *Manchester Guardian* continued: "It is as well to realise that the position is near deadlock. It is to be hoped that in the coming discussions the Government will give a vigorous lead." I should like to underline those words. It is not enough for our Government to invite M. Monnet to say what *he* means, but we must also say what *we* mean and how far we are prepared to go. The *Daily Telegraph* said: "The process of working out a mutually acceptable form of association may not be easy, and the form might ultimately be a pact as between two independent parties. Britain, of course, already maintains close contact with the Community through the delegation accredited to the Authority in Luxembourg, but a more specific regularization of mutual relations and concerting of policies is highly desirable." That is a sentiment which all of us can endorse.

We all wish M. Monnet every success during his visit to London. I am sure he has no illusions whatever as to what he is up against, but I am sure he will have the good will of all of us here. His mission will involve long, arduous and patient negotiation; and, bearing in mind the comments I have made regarding the lack of knowledge on this question in Britain, I think it would be well if there were a campaign in Britain as to the aims of the Coal and Steel Community.

In conclusion, may I say that it would be far better to convince us by example. There is no people in the world as ready as the people of Britain to profit by the example of others. We are an empirical people—we like to see how things are worked out—we do not like written constitutions. An act of faith was made by the members of the six countries in setting up the Community, but, as far as Britain is concerned, an act of faith is not enough unless it is accompanied by good works. It is the good work achieved by the Community in the last year which will convince us in Britain more than an act of faith.

In this respect I wish to state that the main task should be for us to stimulate the consumption of steel. The 1953 position as revealed in the Report on the European Steel Market in 1953

issued by the United Nations showed a very serious position as far as Europe is concerned :

“ For the countries constituting the European Coal and Steel Community taken as a whole, there was a downward trend. The steel industries in E. C. S. C. countries (except the Netherlands) in 1952 and 1953 showed a decrease—or at best reflected the 1951 figures—the expansion which had been progressing since the war having come to an end. The short-fall between actual and expected production was considerable in Western Germany, France and the Saar, and Belgium and Luxembourg, and, unless there is a sharp upward trend in the market in the near future, the attainment of the 1960 planned figures will be difficult. As a result of the slackening of demand for steel in Western Germany, France and the Saar, and Belgium and Luxembourg, works are no longer operating to capacity.

“ In the United Kingdom and the United States, there was a steady increase in steel production. Planned production was reached in the United Kingdom in 1953, but in the United States production was a little below earlier estimates. ”

I want to point out that the situation in which we have changed over from demand exceeding supply to a situation where the supply exceeds demand poses for us all a new set of problems which are bound to complicate discussions on this issue. It should be emphasised that the decline in steel demand is something which can be overcome by our efforts and energies, and, in my view, it would be fatal to draw the conclusion that production should be adjusted to meet a permanently lower level of demand. That, in my view, would kill any hope whatever of a closer association. So I believe it is essential to combat with all our might a policy of restriction, a slackening of investment and a cessation of the urge to modernise, which can only retard efficiency, raise prices and reduce demand.

My greatest hope, and my greatest belief in the desirability of this association, is that through co-operation between the British Government and the Community we can speedily negotiate an arrangement which will be to the mutual benefit of the British and European coal and steel industries, the people who

work in them and the many millions whose lives are inextricably interwoven with the fortunes of these two great industries. I hope that by the time we meet again in common session we shall have a satisfactory progress statement from the High Authority indicating that there has been set up between the Government of Britain and the High Authority a permanent, lasting and enduring association.

**The President.** — I call M. Bruins Slot.

**M. Bruins Slot** (Netherlands). — Mr. President, when during the last two years we have discussed the foundation of the European Coal and Steel Community in the Assembly of the Council of Europe and in the Joint Meeting, there has been a double reaction from the British side. I remember two speeches, one by Mr. Nutting and one by Mr. Gordon Walker. The speech of Mr. Nutting can be summarised as follows: "You Six may do it. We won't participate, but we are sympathetic towards it, and if you succeed we will associate ourselves with your Community." The speech of Mr. Gordon Walker can be summarised thus: "Boys, don't do it. You are but little boys and you cannot do such a great thing without England. We in England won't do it; therefore do nothing." In the speech of Mr. Gordon Walker there was, I think a little irritation about the fact that the "six boys" should try to do what he thought was impossible.

The disappointment in our hearts at the negative reaction, at the same time harsh and amiable, in the British position as a whole was soothed with a promise; "If something should go wrong on the old Continent,—something really wrong—and we all knew already that the Coal and Steel Community would in some way have a close connection with the European Defence Community—then, as in 1914 and in 1940, the British troops will come to the Continent to help settle the troubles. So do not be afraid; you cannot expect otherwise than that England will do its duty."

That is certainly so, and, of course, we do not expect otherwise. Britain has proved that magnificently many times. At this very moment we see British troops on the Continent in conformity with the engagements of the North Atlantic Treaty

Organisation; and as soon as the European Coal and Steel Community was founded the British Government sent a delegation to the High Authority of the Community. However, there is not much progress as yet in the institutional field. The association about which there was some discussion in 1952 has not been realised. In December, 1953, the High Authority made a rather extended proposal in order to achieve such an association. I think it was late, but four months later the British Government answered with a short letter which merely said "Come to London and let us have a talk."

I am disappointed by such a slow evolution. In the letter from the Head of the British Delegation we read that the British Government consider that the political and economic strength and ability of Western Europe is an interest which they share in common with the Members of the European Coal and Steel Community. We read that it has therefore been their policy, since the inception of the Community, to work for an integral and enduring association between the United Kingdom and the Community. All we can do now is to reiterate a statement which has been made many times already, and say further that the work has not yet succeeded at all.

Everybody knows that the Members of the Coal and Steel Community wanted the British and Scandinavian States not only to be associated with the Community but to be Members of it, but the British said, "We cannot do such a thing because we don't want to give up any part of our sovereignty." For the moment we must accept this situation, but I should say: "Speed up with that which you are inclined to do, namely, associate. That is necessary not only for purely economic reasons but also for general political reasons. We also have to think of all the implications of E. D. C. and the political integration of Western Europe."

I spoke a moment ago of the pooling of sovereignty. I know that the British will not do that now. But I am a Dutchman, and it is possible that on hearing me speak of this the British may think of what, in their opinion, is ever the fault of the Dutch, namely, offering too little and asking too much. However, I would recall an episode of our common history. In the closing years of the sixteenth century the States-General of the Nether-

lands offered the whole sovereignty of their country to Queen Elizabeth I of England. They did so because in the implications of European history they understood that the free peoples of Europe had to stand together. In the battle against totalitarian States we have to stand together, even in the institutional field. It was not a very nice thing for Dutchman to do, to offer their sovereignty to a foreign Queen, but I do not think that the British, who will not now pool some part of their sovereignty, thought they were offering too little. However, it was necessary, as the history of William and Mary a century later proved. Alas! they had no children, and something essential disappeared. Queen Elizabeth I did not accept the sovereignty. Instead she sent us the Duke of Leicester with some British troops. Ten years later they had all disappeared, and the final result was disorder in Europe and danger for England.

Now, I should like to recall to you the ideas of one of the great British historians of modern times, Toynbee. Toynbee's theory is that history is the problem of a challenge and the answer to it. The point is to see the challenge and to give a convincing answer with all our hearts, even if it is not agreeable to us in all aspects. Europe has, during the whole of its history, been a challenge to all our peoples. The challenge is not always entirely the same, and the answer also is not always entirely the same. I ask the British people to see the modern challenge and to give neither the answer of 1941 nor the answer of 1940, nor the answer of some centuries ago, but to give the modern answer. I hope that in the reign of Queen Elizabeth II such a truly great thing will happen.

**The President.** — I call M. Lannung.

**M. Lannung** (Denmark). — (*F*) Mr. President, Ladies and Gentlemen, I have been studying the Annual Report of the High Authority with very great interest and I observe that it contains a number of interesting details about the way in which the Community has been working during the past year.

One point which, I think, deserves special attention is the increase by 22 per cent in the trade in coal within the common market, an increase which has come about simultaneously with an increase of 30 per cent in the coal exports to third countries.

Likewise, as regards the steel market, there has been some increase in the sales within the Community. We have to admit, however, that the amount of internal trade is still somewhat limited in comparison with the total production of coal and steel of the member countries.

Then, the High Authority is to be congratulated, I suggest, on several other achievements during the past year, and among these achievements the 100,000,000 dollar American loan would seem the most noteworthy.

Having said that, Mr. Chairman, I propose to confine my remarks to the following questions which, in my opinion, are of very great importance for third countries as well.

In the first place I must say I have some misgivings about the decision by the High Authority to maintain maximum prices for coal and coke in respect of the bulk of E. C. S. C. production. Let me say that this decision seems somewhat surprising, in view of the present sales difficulties in certain production areas. These maximum prices, which, in practice, operate at the same time as minimum prices, are appreciably higher than the import prices for American coal in Europe.

Such a system of fixing prices is bound to have a certain influence on the import prices for coal and coke to third countries, and therefore we in Denmark are awaiting with considerable interest the judgment of the Court of Justice of the E. C. S. C. on the appeal from the Netherlands Government designed to secure the abolition of such maximum prices.

The second point that I should like to touch upon relates to the European cartel for the exporting of steel which, I am bound to say, causes some considerable concern to third countries.

As you know, before the establishment of the common market, the third countries that are members of O. E. E. C. and of G. A. T. T. agreed to grant the member countries of the E. C. S. C. certain rights to forego certain of their obligations in respect of the above-mentioned Organisations. The essential condition for such a concession on the part of the third countries was, of course, that the E. C. S. C. Treaty should be observed to the letter.

Since the export cartel has fixed not only minimum prices but also export quotas, it would seem manifest that this cartel is operating in clear contradiction with the Treaty, by reason of the influence which such export prices are bound to have on the international market. In the circumstances we should be glad to have from the High Authority more exact information as to what measures are contemplated with a view to stopping operations by the cartel that may be contrary to the provisions of the Treaty.

Now, on the general question of the collaboration of the E. C. S. C. with third countries, the conclusion which emerges from the Report by the Committee on Political Affairs of the Common Assembly is, unfortunately, that very little progress has been made during the past year. If, indeed, collaboration with third countries is to be fostered, it is surely essential that the common market be brought into full operation and that the necessary measures be taken to prevent the big cartels from doing things that are contrary to the Treaty.

For these reasons let me say that I wish to associate myself completely with the Resolution voted last night by the Common Assembly in which the desire is expressed that the High Authority should actively concern itself with the cartel question and see to it that any operations contrary to the Treaty are brought to an end.

One last word, Mr. Chairman. I think it is worth saying that we must all realise—and I fancy we are all agreed on this—that the organisation of the common market is an *experiment*—a test case—on the success of which will depend not only the future of coal and steel production but still more the whole development of European integration. (*Applause.*)

**The President.** — I call M. Triboulet.

**M. Triboulet** (France). — (*F*) Mr. President, I should like, if I may, to make a number of observations on one of the minor elements of the High Authority's Report. In a sense, what I want to do is to put a question to the High Authority; but I am very well aware that in his admirable speech this

afternoon M. Monnet said that this six-nation Community had no secrets for others, and he actually said " We do not wait for questions to be put to us, we seek to anticipate them. "

That being so, I hardly dare say that I am asking a question. I shall then content myself with the remark that there are certain dangers discernible in this glasshouse which the President of the High Authority has built, and rightly so : certain dangers which are casting their shadows before and which we are all familiar with. I want, if I may, to indicate in a few words one of these dangers and to go on to ask the President of the High Authority if he agrees with what I would propose as the best means of avoiding it.

His Report demonstrates once again that the structure of the Coal and Steel Community is still not democratic enough : it seems to me more than ever essential to give real and effective powers to the Common Assembly for the sake of the future well-being of the Coal and Steel Community. Oh, I know that provision has been made for 84,000,000 French francs, approximately, for public information activities! But everyone knows that that will not prevent people from criticizing nor will it prevent the spread of misinformation. Let me tell you a little story which explains why I wanted to say a few words today.

This morning in the train I had occasion to read a trade journal. You all know that we receive any number of trade journals. The one about which I am talking is concerned, generally speaking, with the defence of the taxpayer, *i.e.* a sphere of operations far removed from coal and steel. In its latest issue, however, you will find a fierce attack on the High Authority. The attack has to do with the operational expenses of the High Authority. I shall read out to you, if I may, the last paragraph of the article which, I must say, seems somewhat unfair :

" Quite rightly, in our view, the parliamentary members of the Organisation have made protest against the fact that monies which are partially forthcoming from taxes paid by the French taxpayer should be squandered for the benefit of a minority over which neither the Council of Ministers nor the parliamentary body has any control. "



I instance this as being a state of mind which is serious enough and which might undoubtedly do a great deal of harm to the European Coal and Steel Community. If I may take the example of our French parliamentary tradition, I admit that when we come to discuss the capital expenditure budget—what we call the reconstruction and equipment budget for the various Ministries and which involves far more important sums than the actual operational budget—parliamentary control is at times somewhat summary and indiscriminating. When, on the other hand, we tackle the operational budget of the Ministry, there is a most meticulous control. In France—and I imagine also in other European States—public opinion and its parliamentary representatives are very sensitive about any abuses in this sphere, inasmuch as it bears on social justice.

Now, according to the budget estimates for 1954-1955, the operational budget of the High Authority amounts to about 2 milliard francs and it includes, *inter alia*, salary-scales (pages 35-39) and allowances (page 59) relating to a staff of officials which is constantly increasing in numbers, with grades considerably higher than the corresponding posts in France and, which, indeed, I think, are on a higher scale than the grades of other international institutions. I am not saying that we have here an abuse. I am quite sure that the President of the High Authority will be capable of justifying these salaries and these posts, but I do think that the High Authority would have everything to gain by allowing its budget to be made subject to the control of, and the parliamentary vote of, the Common Assembly.

I shall be told, no doubt, by the President of the High Authority that if modifications are to be effected in the Treaty it is for the six Governments of the Community to put forward their proposals. My own conviction is, however, that M. Monnet's influence in all this is the one that counts, and I would ask him, therefore, if he is prepared, in the interests of a modest but unquestionable progress in the general standing of European institutions, to suggest to those six Governments whatever amendments may be necessary to ensure that the Common Assembly may, when all is said and done, fulfil the role of a real parliamentary Assembly.

**The President.** — I call M. Elmgren.

**M. Elmgren** (Sweden). — Mr. President, Sweden has followed the development of the Coal and Steel Community with great interest since the beginning of its activities. This interest is founded on quite natural grounds, since Sweden belongs to one of the “third countries” in Europe whose interests are intimately affected by the establishment of the Community. Sweden’s position is quite important as regards the export and import of goods which fall within the sphere of the Community.

As far as the previous period of the Community’s activities is concerned, I can perhaps say that no immediate reactions have taken place in Swedish interests. The market fluctuations which have occurred seem in more than one respect to have been caused by the state of the market in general. This, however, does not mean that Sweden should observe less closely such changes as may occur both in the present and in the future through action and decisions on the part of the Community.

Sweden welcomed with satisfaction the establishment of the Coal and Steel Community as a link to further economic collaboration in Europe. It is from this point of view that we, through our participation in decisions at the international level, have agreed to the establishment of this preferential area of which the Community now consists. We considered it even more suitable to do so inasmuch as the Community has, both in the Treaty itself and in the form of international obligations, committed itself to consider “third countries” interests to a certain extent.

The way in which the Community observes these general obligations is of the greatest importance from Sweden’s point of view when we consider our position as regards the Community. This aspect of the question is considered to be particularly important because of the opening of the market for special steel on 1st July of this year.

The Community is a traditional market for Swedish special steel, and the establishment of a common market for this kind of steel signifies, from the Swedish point of view, a new factor which now directly affects Swedish export interests in an essen-

tial field of the Swedish economy. Sweden hopes, therefore, that the action taken in connection with the opening of the market will be given such form as not to produce an unfavourable effect on this traditional Swedish export.

In the first instance, the interest is naturally in the tariff level which is to be decided upon, and we hope that the Community will decide to follow a low tariff level and avoid an increase of present total duties or other similar dues. This question is of the greatest interest to my country, particularly as Sweden, with its low duties on iron and steel as well as exemption from quantitative restrictions, constitutes an interesting market for the Community's own industries. A reasonable treatment of the traditional Swedish export of special steel on the common market seems to us to be a question of mutual interest for Sweden and the Community and a touchstone indicating the way in which the Community takes the interests of outside countries into consideration.

**The President.** — I call M. Federspiel.

**M. Federspiel (Denmark).** — Mr. President, it is fair to say that at present it is not clear to what extent the existence of the common market has an effect on the general economic development of Europe. It will be remembered that the Coal and Steel Treaty was drafted at a time when, at least in certain sectors of the industries covered by the Coal and Steel Community there was a shortage which, in the light of international developments at that time, might have appeared to be of a permanent nature.

Within a very short time, however, the markets changed, to some extent as a result of the easing of the international situation and to some extent as a result of increased productivity in Western Europe. In the course of the last year there has been a surplus; in fact, the originally expected shortage has rapidly been superseded by an excess of supply over demand. It is difficult to judge whether the increases both in inter-Community trade in coal and steel, and in exports from member countries to other countries within Western Europe, have been due to these

natural developments or to the activities of the High Authority; in other words, to the establishment of the common market.

From the European point of view, it is worth noting that in the same period the wholly unnatural supplies of coal to Europe from the United States have decreased appreciably, thus easing the dollar situation. These remarks are not intended to mean that we should withhold from the Coal and Steel Community and from the High Authority the credit due to them. But I think we should be careful not to attribute to the Coal and Steel Community results which might have occurred, as I think was suggested by my colleague, Mr. Chetwynd, a few minutes ago, irrespective of the existence of a common market.

In many ways market developments have been fortunate in the sense that they have left the High Authority time to develop the activities entrusted to it under the Treaty without having its progress thrown out of gear by violent crises. With this point we should certainly associate the fact that the development has been a happy one. We in the Consultative Assembly of the Council of Europe look upon the Coal and Steel Community as the first great experiment in unified European policy. Much depends on whether this experiment is successful or not; and a long-term success, however slight it may be, is more valuable and infinitely more to be desired than immediate and spectacular successes followed by sudden decline.

The excellent report which we have before us contains a great deal of detailed information which I do not expect any but the experts will have been able to digest within the short time allowed us to prepare for this debate. I therefore fully agree with the suggestion put forward by Mlle. Klompé that we, the representatives of third countries, should not at this stage go into any details. But I do feel it appropriate that we should take up our line of argument from where we left it at the joint session last year.

In our discussions a year ago we stressed how important it is, from the point of view of cooperation between the six member countries and the non-member countries within the Council of Europe, that the High Authority should take the utmost care, not only because of its economic functions but more perhaps

because of its political importance, to abide strictly by the terms of the Treaty. There were certain points on which the policy envisaged under the Treaty was not absolutely clear; I refer to the powers of the High Authority to intervene in trade agreements between Member Governments and third parties. It would be useful if the High Authority would keep this question constantly in mind and at some appropriate time make its policy known to the Consultative Assembly in its capacity of being the general framework of European policy.

I fully appreciate that this requires difficult negotiations with the Member Governments of the six countries, but it is certainly in the interest of third parties that these negotiations shall not be unduly delayed. I understand that the same views have also been discussed in connection with the Coal and Steel Community's relations with the Contracting Parties to the General Agreement on Trade and Tariffs last autumn.

The same considerations apply to the question of the harmonisation of tariffs, on which we received some information last year. I wonder whether the High Authority could report any further progress in this matter. The major point of interest to third parties, however, is the question of price policy. Here we are faced—and we admit that the High Authority may find itself in a difficult position—with the question of the balance of power within the Coal and Steel Community. It is by no means certain that the interests of Governments, the interests of producers, the interest of consumers and the interests of the High Authority itself in exercising its functions will be identical.

In this context it should be emphasised that the interest of Europe, or rather of European industry, is to maintain its competitive power in the economic build-up which we now see before us. Powerful American industries may, even before we think this is possible, find themselves in the keenest competition with the industries of the Soviet Union. The rate at which the industrialisation of Soviet Russia is progressing may be studied from the surveys of the E. C. E., and I have no doubt that before many years have passed there will be keen competition in the supply markets of industrial products between, on the one side, the United States and the Soviet Union and on the other side, so to speak, Western Europe. For this competition Euro-

pean manufacturing industry must equip itself in good time if we are not to drop into the sorry plight of an under-developed area or, to use a word which I have coined from a misprint in one of the documents before us, drop into "obsolescence". (I apologise to the interpreter.)

The question of competitive power in manufacturing industries is essentially one of production costs. This is why we have to attach the greatest importance to the developments in the key industries, in other words, coal and steel. During the extremely interesting and valuable meeting which the Economic Committee of the Consultative Assembly has had with the High Authority we have been very keen to sound the High Authority on the extent to which it would endeavour, on the one hand, to stabilise prices or, on the other hand, to allow prices or even to assist prices to find their own level in accordance with world market developments.

We fully appreciate the reasons why the High Authority has been cautious in its answers, but the interests of Europe, and especially the manufacturing interests of Europe, would require the High Authority not to put any brake on downward trends in world prices of the basic products under its control. The test of the High Authority's power in this respect will ultimately lie in the control which it can exercise and which it is by treaty bound to exercise over the price policy of producers. On this point, the third parties, the Member States of the Council of Europe outside the Six, have to note with some concern that the High Authority has so far not indicated its intention to take immediate action.

From the point of view of third countries, it is puzzling that the High Authority still maintains maximum prices for coal which, I understand, are above world market prices. It is also a matter of interest to third parties whether the system of official list prices for steel is flexible enough to allow a downward trend in steel prices to have its full effect on both the internal market and export prices.

On both of these points it is of the greatest importance that the position of the High Authority *vis-à-vis* cartels in the producing industries should be clearly defined. No one will, of

course underestimate the political difficulties with which the High Authority is faced; and the appeal of third countries for a clarification of this point should, therefore, equally be directed to the Member Governments concerned. Any uncertainty in this field will make it very difficult for manufacturing industries to adjust their production policy to the operations of the common market. It is vital for any manufacturer to know in good time the likely development of his costs, and among these the prices—or rather the price policy of his supplier—takes a high rank.

The last point on which third countries are likely to be concerned is the possibility of discrimination, which we have discussed before. On this point we have already had the assurance of the High Authority that discrimination will be avoided. In the present market situation there is, in fact, no danger of discrimination; but the markets have a tendency to veer round, and even to shift very sharply. In the event of sudden shortages, this will obviously lead the six countries into very strong temptations. To enable the six countries to resist such temptations—and temptations are often very difficult to resist—a large measure of good will on the part of the consumer countries will also be needed.

Whether or not certain other countries might enter into more or less close association, in definite terms, with the Coal and Steel Community is not of supreme importance, from the point of view of the development of Europe as a whole, but it is important that contacts on all levels be maintained between the Community—by that I mean the High Authority—and those other countries. In the case of contacts of this kind it is also important to realise from where the initiative has to come, and I think that in this instance the initiative must, naturally—as I know, indeed, has been the case—come from the High Authority.

I want to congratulate the High Authority on the initiative it has taken in establishing closer and closer links with countries outside the Six, and on their courtesy in keeping countries informed of important European developments. One of these contacts—it is only one, but from the point of view of the Council of Europe, it is an important one—has been established between the Committee on Economic Questions of the Consultative Assembly and the High Authority, and I should like, as I did last

year, to express my appreciation of the form in which our periodical consultations at Luxembourg are held. Last year I said that I hoped the Council of Europe would not overburden the High Authority with unnecessary consultations; I think that we have kept our promise. On the other hand, I believe that our meetings should be held at least once a year, and whenever an acute need arises.

Having made these points, I feel that I should conclude by congratulating the High Authority on the progress which it has reported in its Second General Report on the Activities of the Community. It is of great value to the Consultative Assembly that we are kept informed of the activities of the Community. They are of importance not only in the economic sector with which it deals, but, perhaps even more so, in the political field. It is the example of the six countries and their ability to co-operate through the Community and under the direction of the High Authority which may lead to further steps towards our ultimate objective, a united Europe.

The difficulties which confront the High Authority, and which may be read very distinctly between the lines of the Report, teach us a lesson. These difficulties will be repeated, perhaps, in different forms, and certainly in different degree, in any other venture to forge the nations of Europe together in a joint effort to survive amid the forces of destruction surrounding us. It would therefore be out of place to over-emphasise the critical remarks which, after all, it is our duty to make in a debate, and which we have made on the report before us. We should fail in our duty if we simply looked upon the Coal and Steel Community as a bed of roses. Our support would be worth nothing if we did not temper it with the criticism which we think we have to make.

Having said this, I want to congratulate the High Authority on the work which is demonstrated to us in the report before us, which is a step forward—not a great step in the absolute sense of the word, but a great step in the light of the difficulties with which the High Authority has had to contend.

**The President.** — The list of speakers is completed.



One or two members of the High Authority have asked to speak.

I call M. Jean Monnet, President of the High Authority.

**M. Jean Monnet, President of the High Authority.** — (F) M. Etzel is first of all going to reply to the questions relating to the common market, M. Spierenburg will reply to those touching on relations between the Community and third countries, and I shall wind up by speaking of association with Great Britain.

**The President.** — I call M. Etzel.

**M. Etzel, Vice-President of the High Authority.** — (G) Mr. President, Ladies and Gentlemen, while the task has devolved on me to reply here to questions concerning the common market as such, I should like, first of all, to express, in the name of the High Authority, the pleasure we feel in being able to speak, in this Joint Meeting of the two Assemblies, of those things which concern us all in Europe, and to discuss the various problems which arise. Your speakers have already said that the High Authority has set forth the major problems of the common market in circumstantial reports and that our Committees and the Common Assembly have given their opinion on these reports at some length. I might therefore no doubt restrict myself to replying in a general way to the questions which have been put; and, for precise points, I need only refer to the figures in the written statement we have presented.

The main problem to be solved, once started on the path which we wished to follow, was that of the creation of the common market; that was the goal. One of the first speakers to take part in the discussion, you may remember, demonstrated that what we are aiming at is to raise the standard of living by the expansion of production and the increase of consumption. It is unnecessary to point out that such an aim cannot be reached from one day to the next. There has been a common market for coal, iron-ore and scrap for a year and a half; for steel it has been in existence for only one year. We are still, that is to say, in the transition period, which the Treaty has fixed at five years. Hence we are only at the beginning of our road

in the carrying out what we want to do and the accomplishment of our tasks.

During the debate one of the speakers asked if the common market really existed. I think I can answer him by a categorical "yes". All those who were present, this year, at the discussions which have been taking place during the last ten days—I am speaking now of the members of the Common Assembly of the Coal and Steel Community—have had, I think, the feeling to which I gave expression in the reply that I made last Monday. We were delighted to have the opportunity of this debate, and our satisfaction sprang not only from the fact that we were brought together by a great idea; but also—perhaps it was indeed the greater for this—because we have been disputing, debating, about facts, because we were dealing with material which lent itself to such fruitful exchanges of view; our satisfaction sprang, shall I say, from realising that we had attained positive results. The power of this reality seems to me at least as substantial as that of the great idea on which European collaboration as a whole is based.

The realities which we have been able to establish are of three kinds.

First, there is the reality of common institutions : the Common Assembly, the Council of Ministers, the Court of Justice and the High Authority. The collaboration which has developed between these institutions, the very existence of these institutions, it seems to me, is a positive achievement, a European achievement.

The second reality is the fact that the common market for coal, iron-ore and scrap has existed for a year and a half.

And the third reality is that for a year we have had a common market for steel.

In establishing these common markets we have really created something real. Customs dues have been set aside, likewise quantitative restrictions and a considerable proportion of the subsidies, as also, in a very large measure, discriminatory practices.

We have also done something else, Ladies and Gentlemen,

something which can equally be considered as a reality : I am referring to the extension we have given to freedom in the common market. For the first time for many years we see operating in this domain which is common to us the processes of freedom in relation to iron and steel. We have no more quantitative restrictions in this field; we have no more price restrictions.

We have this same freedom for scrap, and also for iron-ore.

Today we can maintain that, even in the coal industry, there is greater freedom than at the time when the common market was initiated. We have not yet been able to take into consideration, in so short a time, all the wishes expressed, by those who wanted bigger changes, a closer-knit community; but there is nothing surprising in that. Several of your speakers have, indeed, emphasized this fact.

May I be allowed, in this connection, to cite some figures. It is an indisputable fact that the common market has brought about a definite increase, in the coal industry as well as in steel. If we compare the years 1952 and 1953 we see that the increase in coal has been one of 22 per cent, and for steel 23 per cent. In relation to absolute values that does not perhaps represent very much, as one of your speakers has already pointed out; but, nevertheless, it marks some progress. It represents an increase varying between one-fifth and a quarter of the volume of trade; and this increase has been achieved in one year for one of our products and in eighteen months for the other. I think this fact should be brought out, because it justifies our optimism; and that, I consider, is important.

There is still another thing which seems to me to be highly significant : the fact that the creation of the common market has not had any ill-effects on production. Admittedly, there has been some instability, there have been some fluctuations as a result of the change-over. The appearance of such fluctuations was quite natural : they were a consequence of economic trends, and there was nothing we could do about it.

But today we cannot but feel a lively satisfaction if we examine the results obtained; we are, in fact, in a position to

state that coal production has increased slightly while steel production has not noticeably decreased. We are indeed at present in a happy position, inasmuch as the steel industries of the Community are once again showing a very good production level; furthermore, the flow of this production is assured, thanks to the orders which are coming in all the time, exceeding in importance those of the year 1952.

On this point a query has been raised : all that, we are asked, is it actually the result of the common market, is it really the fruits of good work on the part of the High Authority? Or is it not rather the outcome of the general situation?

Ladies and Gentlemen, we are not so presumptuous as to assert that we deserve all the credit for this welcome change. First of all, we do see in this the effects of the market. But the Treaty—and it is we who have the job of carrying out the Treaty—has given us plenty of room in which to move about so that the market can respond. Once the difficulties inherent in the processes of adaptation were overcome, the market was bound to become what it is today. Our task consisted in transferring the national markets, with their inherent limitations, into a partially integrated common market, and it was for us, in so doing, to prevent any fundamental disturbance. I sincerely believe that the balance-sheet we can present on all this is very satisfactory; this balance-sheet shows, in effect, that no disturbance has arisen in any field.

We have also been asked if the “slump” in prices ought not to be considered as one of the results of the common market. I do not know what was meant by this term “slump in prices”. For my part, I must say that I have not noticed any slump in prices on the common market. It is one of the tasks of the Community to lower prices, in moderation, and on condition that this does not have economic repercussions. We are proud of having achieved a reasonable reduction of prices over a wide area. It is a long time since we had seen a fall in the price of coal. In the scrap-iron industry the drop in prices has been considerable; the cost of iron-ore has also been reduced and, as for the reduction in steel prices, there is absolutely no question of a slump. On the contrary, in the light of the present situation these price-reductions have been reasonable and practical.

Others have asked whether we have this common market well under control and whether we have shown the necessary firmness in respect of the cartels. We have been asked what are our ideas on the policy to follow in the face of the cartels.

We have already explained our policy in the Common Assembly; but let me trace out the broad outlines for you once again.

The treaty instituting the European Coal and Steel Community contains some perfectly clear directives, in its Articles 65 and 66, on the way to treat combines and trusts.

Perhaps one can say—and it has been said more than once—that these regulations constitute the first European law against cartels. Our Community was the first body to establish such legal regulations in respect of the industries producing raw materials. One would not expect to see—and I apologize for saying that—all these decisions applied in such a short time, since, and this must not be forgotten, they are of major economic importance to the countries affected.

The High Authority—allow me to repeat this and to emphasize it—is firmly resolved to carry out to the letter the mandate which the Treaty has entrusted to it: that is to say, not to tolerate the combines which are contrary to the Treaty. The High Authority has given this pledge and will keep it.

All the same, the High Authority cannot lose sight of the fact that the breaking-up of old-established modes of organisation may have certain economic consequences; and paragraph 12 of the Convention relating to temporary measures obliges the High Authority, while observing the legal prohibitions, to arrange for measures of compensation that may keep down to a minimum the damage that may be caused. Now, as you will realise, that represents a considerable task.

I ought perhaps to tell you that during the discussion on this matter in our Common Assembly we recognised that in certain countries where there is anti-cartel legislation and substantial legal experience on the subject several years were required before it was possible to achieve the desired object. We have only been working on these problems for quite a short time, but what

I think I can say is that we have done a vast amount of preparatory work which enables us now to take a few initial decisions.

The decisions I am talking about have, in fact, been taken during the last few days. We have taken certain decisions, I repeat, affecting important organisations that have a centralised sales and distribution system—without proceeding for the moment to actual official resolutions. We have told certain organisations in the Ruhr basin, for instance, that we could not grant them the authorisations for which they have been asking. We have said the same thing to the Belgium Sales Office. There was another question affecting the French import agency—the A. T. I. O.; and, in that case, we could not approach them directly, because the operations carried out by that organisation are based on French legal ordinances. What we decided to do then was to write to the French Minister of Industry to point out to him that the ordinances in question were contrary to the treaty, and we asked him to be willing to have an exchange of views with us, with a view to modifying or cancelling the said ordinances. Another thing we did was to investigate the activities of the sales organisation of the Charbonnages de France to see whether or not it was compatible with the Treaty.

There you have then the principal decisions which will have to be applied in the cartels question. We have given ourselves rather rigid time-limits within which our work will have to be sufficiently advanced for us to adopt certain resolutions. I consider that this represents a substantial and important piece of work, especially if it is borne in mind that we have only been at it for a short time. And I should like to emphasize, if I may, the fact that it is the first time that any such reform has been set in hand on the European plane. That is why the question should not be asked, it seems to me, whether we really have the market under control. I do wish to state quite firmly that the High Authority asserts a substantial influence on the common market and that we can rely on the observance of any measures taken, unless they can be considered illegal, in which case there is always the possibility of an appeal to the Court of Justice for a pronouncement on the question whether a decision is or is not correct. It has not happened yet that the

prestige of the High Authority has been impaired. I think I can fairly say, that our attitude on the question of combines is perfectly clear and unambiguous.

In reply, then, to the question which was raised, I would say that we shall not tolerate prohibited combines. In whatever we do we shall take all necessary steps, by the empirical procedure laid down in the Treaty, to avoid any serious economic disturbance and to prevent such steps as we may take having unfortunate social effects. We do not want the groups concerned to suffer any real damage.

I fancy these questions were the principal ones that were put to us.

Perhaps I ought to have said a word, in relation to the cartels problem, about maximum prices. It is perfectly true that, although the supply situation in the common market is now in a good state of balance, we have, on this one occasion, fixed maximum prices for the products of two coal-mining basins, though not for all qualities of coal. Our idea was that if we don't do it such maximum prices would be fixed by the cartels. I may be told that the cartels would have fixed prices lower than ours, but that is an assertion which requires proof, and it is a view which would not seem to have any theoretical basis. In the decisions we have taken on maximum prices, we have tried out, so to speak, a pilot project at one of the coal basins, where the standard prices have been reduced by 3 to 4 per cent. I think that is a highly significant development.

As for the decisions on price-scales in regard to steel, which the High Authority took not long ago within the meaning of Article 60 of the Treaty, these have nothing to do with the question of price freedom. Every producer of steel has the opportunity of fixing his own price and is entitled to do so; the only obligation on him is to ensure publicity for the prices which he has fixed on his own responsibility. In this connection the decision taken recently in accordance with Article 60 has made possible a certain flexibility. It means that there is no need to publish a fresh price-scale every time there is some slight price movement; the figures have to be published only when increases in the prices of the various qualities of the product

amount to more than 2.5 per cent; and I may perhaps point out that, in this decision, too, we have upheld the principle of freedom.

To sum up, let me just say this. We are entitled to affirm, I suggest, that in substantial sectors the common market is now a reality. We can say that we have been entirely successful in preventing any disturbance resulting from the first steps taken. We can say, too, that, in view of the dynamic character of what we have done hitherto and the dynamic nature of the common market, the situation is likely to continue to improve. We feel we have sufficient authority to carry out the mandates conferred upon us by the Treaty and we have every intention of persevering along the road we were instructed to take. That is what I wanted to say once again to you about this problem of the common market. (*Applause.*)

**The President.** — I call M. Spierenburg.

**M. Spierenburg, Member of the High Authority.** — (*F*) Mr. President, M. Lannung, if I understood correctly, in dealing with the question of export cartels, referred to the derogation which the Contracting Parties, members of G. A. T. T., have granted to the member countries of the Community. To make the point clear, I shall read to you the text of the derogation :

“ The Community has undertaken to take into account the interests of third countries, as consumers and as suppliers of coal and steel, to promote the development of international trade and to be vigilant for the observance of equitable limits in the prices demanded by its producing concerns on outside markets. ”

There is no question in this text of export cartels.

As for the undertaking to see that fair limits are observed, we can see today that the prices agreed upon outside the Community by our exporters are certainly not higher than the prices current on the common market. I think, therefore, that the Community has kept its promise to G. A. T. T. as far as export cartels are concerned, and I could not do better than repeat what the representative of the High Authority told G. A. T. T. : “ The High Authority is studying this problem in the framework of its



anti-cartel policy". The assurance—which I reaffirm here—was also given to G. A. T. T. that, if the agreements were not in conformity with the Treaty, the High Authority would not hesitate to embark on any action within its power.

I come now, in speaking of G. A. T. T., to the question of the development of international trade and I should like to reply at this point to the observations of M. Elmgren, of M. Lannung and of M. Federspiel. I shall deal first with the common market for special steel.

At the last meeting of G. A. T. T., the High Authority, in the name of the Community and authorised by the Council of Ministers, declared, I believe, that before the opening of the common market for special steel it was prepared to enter into negotiations with third countries which wished to do so.

When we were discussing the measures to be taken by the Community to open the common market, and recognising the fact that there was not enough time before May 1st to hold discussions with such third countries, the High Authority proposed, and the Council of Ministers decided, in the interests of the third countries and to ensure that there should be opportunity for negotiation, to postpone till July 1st the opening of the common market.

The Austrian Government has asked to open negotiations with the Community. We are to receive on May 24th the necessary instructions from the Council of Ministers, and we shall certainly be ready immediately after that date to enter into negotiations with Austria, as well as with other countries—I am thinking particularly of Sweden if the Swedish Government so desires.

With regard to customs dues on the margin of the Community, one must first grasp the fact that their harmonisation is regulated by paragraph 15 of the Convention, which takes into account dues negotiated within the framework of G. A. T. T.

It is true that some member countries suspended their dues; on the opening of the common market they will be restoring them. But it is plain that, in the course of the negotiations aimed at a possible lowering of the level of conventional dues before the end of the transitional period, it is only the level of

dues negotiated within G. A. T. T. that can be taken into consideration.

The Treaty looks forward to a harmonisation of such dues. I assure you that we are most anxious to examine by means of negotiations the possibility of harmonising these dues by bringing them all down to the lowest possible level.

But in negotiations of this kind there are two sides, and if one party to the agreement has something to receive, it must be prepared to give something in exchange. If the Community can, as a result of negotiations, bring about a lowering of customs dues, it can, on the other hand, ask for certain assurances as to the policy of the third countries, assurances necessary to guaranteeing fair competition with the industries of the Community.

Both we ourselves and our industries have agreed to respect certain rules for competition. It goes without saying that, after the opening of the common market for special steel, which certainly involves a risk for the Community and its industries, we shall have to ask in the negotiations for certain assurances from our partners on their price policy, especially to avoid dumping on the market.

On the subject of the development of relations with third countries, the example which I have just given proves, I suggest, the sincerity of the High Authority in this matter.

If problems arise in other spheres, we examine them jointly with the missions which are on the spot.

We do also wish to develop negotiations by empirical methods in other domains. I believe, as certain British M.P.s have said, that we must act empirically. Let us start with this negotiation dealing with special steel. M. Elmgren has said that this is specifically our task, and I agree with him. After having achieved some result, we can see in what direction we can best develop our relations with third countries. However, we must be prudent and develop them progressively.

M. Federspiel put two questions : has the policy of commercial agreements become clearer during the current year, and, on the other hand, is the High Authority pursuing a price

policy which will not put a brake on a downward trend in prices?

This is my answer : the High Authority has adopted no measure of restriction during the current year, although, as far as coal is concerned, there has been a strong tendency to a fall in prices and although there are important stocks in certain countries of the Community. Neither have we, on the other hand, taken any measure concerning steel, nor have we intervened in any case in the commercial agreements concluded with third countries.

M. Federspiel also dealt with the question of possible shortages, although I do not think we need fear such a development. This question has been studied in conjunction with the member countries of the O. E. E. C., and from our investigation it is clear that the engagements contracted by the member countries of the Community are perfectly compatible with the obligations assumed within the framework of the O. E. E. C.

Mr. President, I think I have supplied the answers to the questions asked.

**The President.** — I call the President of the High Authority.

**M. Jean Monnet, President of the High Authority.** — (F) Mr. Chairman, Ladies and Gentlemen, I should like first, very shortly, to answer a question put by one of the speakers, absent at the moment from the hall, on the subject of a possible proposal by the High Authority for a modification of that part of the Treaty dealing with the control of its expenditure. This is not a question which normally concerns the Assembly, but, as it has been asked, I shall answer it.

In any case the answer can be found in the Treaty itself, which states that the Treaty can be modified after the transitional period is completed, that is to say, after five years. It is not therefore possible for me to make the proposal suggested.

I should like to add, for the information of members of this assembly who do not belong to the Common Assembly, that

the budget particulars of the High Authority and of the different institutions of the Community are made public probably in more detail and more completely than are those of any institution whatsoever in any of our countries.

To be convinced of this, it is enough to consult the auditors' report on the past year and the reports which we issue every six months, during the budgetary period, on the expenses incurred during the first six months of the year.

I shall now deal with the question raised by both Mr. Brooman-White and Mr. Chetwynd—the association of the Coal and Steel Community with Britain.

There is no doubt in the minds of the High Authority, of the Common Assembly, nor certainly of the present Assembly, that, on the whole subject of the relations of the Community with non-member countries, the most important and the most immediate question is to know if we shall enter into an association of the Coal and Steel Community with Great Britain, and how this shall be effected.

Some of my colleagues and I are going soon to London, in response to the invitation of the British Government.

Mr. Chetwynd enumerated a whole list of difficulties, and no member of this Assembly can now be unaware, if he had doubts on the matter before, of the obstacles that await us on our arrival in England.

We shall, said Mr. Chetwynd, have to face the ignorance of the man-in-the-street on the doings of the Coal and Steel Community. He also warned us that in England—as elsewhere, one must admit—business men do not want to change their habits and that, consequently, we must find a form of association, which while deserving of the name, association, will not modify those habits. He told us that we shall encounter the argument that decisions can be taken in Luxembourg which will close down factories and mines. And, finally, he added that tariff protection was a necessity and that his country had to protect itself against possible dumping on the part of the Community.

Certain of the difficulties which we shall encounter are,

I admit, real ones. It is undeniable that the ignorance of British public opinion on the subject of the Coal and Steel Community constitutes a major difficulty, when it is a case of a decision having to be taken by a democratic Government.

It is no less difficult for industry to accept change. We, too, are finding that every day, but I must admit that we have this advantage—that the Treaty exists for our six countries and therefore changes are actually happening from the fact that the Treaty exists, while industry in Britain has to be convinced before arrangements with the Community can be envisaged.

But, you must admit, we have always thought that we would not succeed in reaching an agreement with Britain, as you say, simply by an act of faith. No, we have always thought that the Community must first prove its worth.

We have no illusions about the moment when this association could eventually take final form. And if some people have thought—and this reproach has been levelled against us—that the High Authority has been slow in making a proposal to the British Government, the reason was that we wanted to give plenty of time for reality to manifest itself. We wanted, by creating the common market, by the course of action we are pursuing in the different spheres dealt with by M. Etzel and M. Spierenburg, to be able to prove to the British Government and to British industry that the system was good, that it was a living thing, that there were here not only generous and distant objectives but a practical reality and that that practical reality was doing good service to the interests of the Community—not merely those of the producers but also those of the consumers and the workers.

I think that henceforth—and here you are right—what is important is that the British should now admit what, I believe, we have already proved to our own peoples, that the Community has advantages for those who belong to it, that it works, that it is becoming, indeed that it is, a reality.

It is, after all, because the British Government and British interests realise that we have become a real force, as you said just now, a force that must be reckoned, and with which relations must be established—it is because you now accept that reality that you are ready to look to the first steps for association.

I used the phrase " the first steps " deliberately, because I think that I really do know your country, for which I have a great admiration. I know that British public opinion and decisions of the Government are not based on hypotheses, but on facts. But I have always thought, and still think, that you have one great virtue, that of recognising facts and of adapting yourselves to them.

The moment has come, I think, to begin that process of adaptation. You have said that we are going to find ourselves faced with long and difficult negotiations. We are prepared for that. We expected that. And we are also certain that we shall achieve results, and this for two reasons.

First, I believe that, as you said, the British Government and you yourselves realise the importance of the effort towards the unification of Europe of which we are the first manifestation, and that you wish, if not to participate in it, at least to be associated with it. The other reason is the one I have just mentioned, that is to say that you have come to acknowledge the reality of the Community.

Our negotiations are about to begin. They will last for some time. But, if you really wish to eliminate, one after the other, the difficulties that you have pointed out to us, and which are much more, if I may say so, psychological than real, I am persuaded that our efforts will not be in vain.

If, indeed, your industries do not want to change, when you have once shown them that the reality of the Community will help them to build a better future, they will be ready to take certain steps and to enter on the path of association.

As for the idea that we in Luxembourg could by our decisions close down factories and mines, that, I aver, is a chimera.

On the subject of tariffs, it is precisely one of the basic rules of the Community to take measures to prevent dumping and the discriminatory practices which you seem to fear.

The most real difficulties do not lie therefore in the facts, but in the fear of change. That is indeed the basis of them. But I hope that the proofs that the Community has given of its reality and of its vital force will surmount those difficulties.

You said that, in the letter which we sent to the British Government, we asked for "full membership". No, indeed, quite the contrary, and the letter made this clear. We know full well that the British Government does not wish to abandon any part of its sovereignty. We tried our best, indeed, in that letter to go as far as possible in finding a plan of action which was not necessarily governed by an abandonment of sovereignty. We spoke explicitly of an option. When, for example, the British Government felt disposed to take a decision in certain matters, it would give us the option of joint discussions and of seeing if we wish to follow the same path, and *vice versa*.

But we think that, in this association, there is a more distant goal, both political and economic. Whatever are the coal resources both of Britain and of the Continent—it comes to the same thing—we shall have considerable difficulties to face in the near future.

Petrol, fuel oil, the new forms of energy—these are bringing about conditions which may entail immense difficulties for the future of coal, if one does not foresee in advance the necessary counter-measures. That future is one that we shall be sharing in common, and this association and these consultations can help us to resolve a problem which, otherwise, would become infinitely more difficult for both of us.

We believe that our joint consultations, and the developments which we on both sides can bring about in our metal industries, are capable of a most important influence on manufacturing costs and on the possibilities of economic development. But we believe this association to be equally important because it will constitute the first step in forming a direct link between the Continent in its united form and Great Britain.

M. Bruins Slot said just now, "History is the problem of a challenge and the answer to it." We think that the "challenge" to Europe faces us now, that our restricted markets, enclosed within our frontiers, which were antagonists in the past, represent precisely the "challenge" to which we must contrive an answer.

What the Coal and Steel Community is bringing about, that is to say the progressive elimination of barriers, the creation

of common institutions and the application to all men of common rules, is the beginning of the answer to this "challenge" which affects the destiny of all our European countries.

We think that, in this development which, we believe and earnestly desire, should proceed in the direction of unity of the peoples of Europe, the association of Britain and the association or the participation of other European countries is indispensable.

As far as Britain is concerned, we are convinced that, in order to achieve this, we must take one step at a time. But the first step is of prime importance, because once we have created this association between us, once we are round the conference-table, once we have been able to examine the problems, then I hope and I believe that the hard reality, the interest and the success of our own enterprise will lead you, little by little, further along the path which will end in the establishment of final arrangements between us.

It is in that spirit that I and my colleagues are going to London. We are convinced that success will be achieved, convinced that we shall surmount the difficulties which you pointed out to us and of which we are already only too conscious.

I should like to say in conclusion that, if Britain is important for Europe and if we set so much store by our association with that country, Britain is, all the same, not the only country in Europe. There are other countries, and some of those have made their voices heard this evening through their representatives. We wish with all our hearts that our links with other European countries may be extended further and develop.

In the speech which I have made to you this evening I have said that it seems to us that the moment has now come when the other countries of Europe can, on the basis of the established fact of the Coal and Steel Community, ask themselves if it is not possible to take a more direct and concrete part in the creation of European unity.

A meeting like today's is important, Mr. President, because, as M. Federspiel said, we can criticise each other freely. Some criticisms have been formulated. I, myself, do not want to criticise the countries which do not belong to the Community,



but I do want to appeal to them and to say that it is not enough to stand aside and watch the effort which we are making to build up Europe, it is not enough to make certain technical observations, very naturally inspired by the self-interest of the speaker. There is something greater than that, something that goes beyond it. That paramount fact is the situation of all the countries of Europe in relation to the rest of the world.

We are making an effort, and the Coal and Steel Community is not created only for the "Six". M. Wehner said so, very rightly, the other day; we are not Europe, we have no pretensions to confine either the Coal and Steel Community or the 'Europe' which we are building to the geographical limits of our six countries.

On the contrary, our ambition is to give to the peoples of Europe a method—I shall not say an ideal—that will at long last allow the removal of barriers which, by separating for so long the peoples of Europe, have brought on our heads the disasters which we have all experienced.

We have brought that Community into being. M. Etzel has given you the technical details, and the reports which we have discussed have amply proved it. The hard fact is the existence of the Coal and Steel Community, not only in the fields of coal and steel, but in its institutions; that is to say, for the first time we at last see six countries that have consented to abandon a part of that sovereignty which in the past set the people of Europe by the ears and led to the catastrophes which we all have known. They have agreed to abandon something.

We cannot build Europe without abandoning something. We cannot succeed only by co-operation, by promises, but by abandoning something of our own free-will, for the common good.

Mr. President, I should like to end with this appeal, and I hope and trust that next year, when this assembly meets again, we shall not only have at last achieved the first steps in association with England but also that we shall have seen some of those countries which do not belong to the Community rise up to come and join us. (*Applause.*)

**The President.** — With these important and interesting words of M. Monnet, which contain a hope, a wish and an appeal, and with which we associate ourselves, we can worthily bring to a close this exchange of views between the two Assemblies.

I therefore declare closed the Joint Meeting of the members of the two Assemblies.

I would remind the members of the Consultative Assembly of the Council of Europe that that Assembly will be meeting tomorrow, Friday, at 3 p.m. I would remind also the members of the Common Assembly that their next Sitting will also take place tomorrow, Friday, at 9 p.m.

The Sitting is closed.

*(The Sitting was closed at 11.15 p.m.)*

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