



Bulletin from the
EUROPEAN
COMMUNITY
for coal and steel

INFORMATION SERVICE • HIGH AUTHORITY • LUXEMBOURG

1955: A YEAR OF RECORD GROWTH

The Community and Europe's Boom

For Western Europe, 1955 was a year of unmatched economic expansion—a steady and remarkable advance to new record levels of output. The index of industrial production in the six Community countries for the first nine months of the year stood at 151 (1950 = 100), compared with 135 for the corresponding period of 1954. For the year as a whole, it is estimated that the production increase over 1954 will be 13%, against 11% in the United States and 6.5% in Britain. The recovery which started in the second quarter of 1954, stimulated by a revival of activity in building and in machinery and automobile manufacture, continued under the same expansionary forces, bringing a higher standard of living than the continent has ever known before.

Record Steel Output

In 1954 steel output responded to mounting demand by reaching an annual rate of nearly 50 million tons in December of that year. In 1955 production remained at or near capacity level, and the total for the year should reach the all-time record level of 52.4 million metric tons compared with 43.8 million in 1954 and 41.8 million in 1952. Demand for rolled products, which at the end of 1954 looked expansionary enough (4 million tons a month) to bring about conditions of acute shortage, levelled off at the beginning of 1955 and remained steady at a high level (3.1–3.2 million tons a month), slightly ahead of deliveries. In October, however, new expansion occurred and new orders for rolled products rose to 3.5 million tons, or 500,000 tons ahead of the monthly delivery rate. Orders on the books of Community steelmakers by the end of September, 1955, had reached 13.4 million tons against 12 million at the beginning of the year.

Coal Market Tension Increases

The levelling-off of the situation was not paralleled in coal. Demand for coal on the part of Europe's booming industries, particularly by steelmakers, showed no sign of easing. With European coal supplies generally inelastic over the short term, production rose but slightly in 1955, reaching 246 million tons against 242 million in 1954.

Part of the shortage was made good out of stocks, which at end-November were down to just over 8 million tons, compared with 13.6 million a year earlier. The remainder of stock replenishment needs were met from a massive increase in coal imports, particularly from the United States.

(The rapid rate of increase in imports of American coal is shown in the table on page two.)

NOTE: The Community's coal imports from all countries in 1955 were nearly 50% higher than in 1954.

The Power Shortage

The coal supply situation is only a part of the whole European power problem as outlined by President René Mayer before the Common Assembly last November.

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COMMUNITY COAL IMPORTS FROM THE UNITED STATES

(monthly averages in '000 tons)

	1952	1953	1954	1955 ¹	1st Quarter 1955	2nd Quarter 1955	3rd Quarter 1955
West Germany	615	285	152	446	147	389	802
Belgium	66	55	21	51	18	56	80
France	261	24	5	46	35	55	47
Italy	240	134	238	470	419	466	524
Netherlands	176	58	99	109	71	100	155
Community	1,358	556	515	1,122	690	1,066	1,608

¹ First nine months only.

Power consumption in 1955 in the Community was estimated at some 6.5% greater than in the previous year. Steel output was 20% higher. Yet coal output expanded by only 2%. Thus the High Authority's power specialists in 1955 found it necessary to study not only coal and steel markets as such, but also related markets for other liquid and solid fuels. Consequently, they drew up a power balance-sheet of all six Community nations for further study. The High Authority's work in this field has provided a solid basis upon which the six-country intergovernmental conference in Brussels has formulated recommendations for the development of power resources in the Community.

More Intra-Community Trade

In 1955, 164% more steel products were traded between Community countries than in 1952; for coal the increase was 44.4%; for coke 10.5%; for iron ore 37%, and for scrap 177%. It is ample evidence that buyers are not only placing more and bigger orders in Community countries other than their own, but also that it pays them to do so. They are getting either better supply, better quality, better prices or better delivery dates. Producers, too, are finding that the big single market pays dividends.

Prices Find New Stability

Despite the sharp uptrend of industrial activity in Europe, steel prices in 1955 showed none of the meteoric features which before the opening of the single market invariably characterized their behavior in periods of mounting demand. They did move upwards, showing an average increase of 5% by November as compared with the spring of 1954 when the uptrend started. In the same period British prices rose by 5.6% and American by 12%. The new stability reflected the reluctance of producers to raise their published price-lists as well as absence of the fear on the part of buyers that the producing countries would clamp down export restrictions, as they had done in times of rising activity before the single market was established. 1955 saw no speculative scrambles for supplies, and there-

fore the Community nations experienced none of the unpleasant economic consequences.

Coal markets were firm throughout the year, and an increase of 2.25 D-marks (\$0.54) per ton was authorized for Ruhr coal following a wage increase for miners. Ruhr coal had, however, been generally cheaper than other Community coal, and other price changes in the Community during the year were small. Iron ore prices remained relatively stable despite mounting demand; this was due partly to the fact that many ore mines are owned by steelworks themselves and partly to the long-term contracts which other buyers customarily conclude with producers.

Scrap prices presented the least stable picture, reaching a peak in March-April and falling subsequently on an increase in imports, the reorganization of the Community's scrap importing agency in Brussels, and substantial economies in scrap consumption by German steelworks. Towards the end of the year rocketing scrap prices in foreign markets brought a sharp increase in the amount which Community steelworks have to pay to equalize the price of imported scrap. The High Authority acted to cut scrap consumption by granting bonuses for increased use of pig iron in steel-making.

High Authority Moves to Improve Single Market

The High Authority's policy in 1955 was aimed at bringing maximum efficiency to the single market by improving

February-March Double Issue

The next issue of the Bulletin will be published as a February-March "double issue" on March first. Providing there is no delay in the release of the Brussels Committee's intergovernmental study on new economic integration steps, contents will include a report on the substance of the five separate studies and the final recommendation for new federal moves.

the conditions of competition. Governments and enterprises alike were told to give up practices contrary to the Community's fair-trading code. The Italian Government was ordered to stop preferential treatment of domestic iron and steel products delivered to the Italian shipbuilding industry and to abolish a tax of 0.5% on deliveries of coal and steel from other Community countries. A system of tax exemption in Belgium on deliveries of domestic coal and steel to public bodies was condemned and stopped as discriminatory.

French steelmakers ended a discriminatory rebate of 3.29% to their French clients after the High Authority had told them either to desist or to grant the rebate equally to all Community buyers. Warning letters were addressed to a number of Community enterprises, and in five cases fines were imposed, totalling \$33,000.

Transport Improvements

Even more important in speeding competition were the measures approved by the Council of Ministers in January, 1955, to end the additional rail charges amounting to from 15 to 20% incurred when goods crossed a frontier. In May, 1955, international "through-rates" were introduced for coal and iron ore; when they become fully applicable in May, 1956, coke will travel from the Ruhr (Gelsenkirchen) at \$4.45 a ton against \$6.53 before the common market was opened, and coal from the Saar (Roden) to Germany (Regensburg) at \$6.55 per ton against \$8.92. By May, 1957, international through-rates will be fully in force for steel as well, and High Authority experts are now planning harmonization of transport charges in all six countries.

Cartels—The Decisive Step

Two extraordinary sessions of the Community's Common Assembly held during the year—in May and November—were identified with moves against monopoly practices. Three new sales organizations for Ruhr coal handed in their applications for authorization on December 20, following the High Authority's earlier acceptance of their re-organization plan in general outline. The disappearance of the cartel sales organization, GEORG, will open the way to removal of cartel practices still in force among other coal selling organizations in France, Belgium, and Luxembourg.

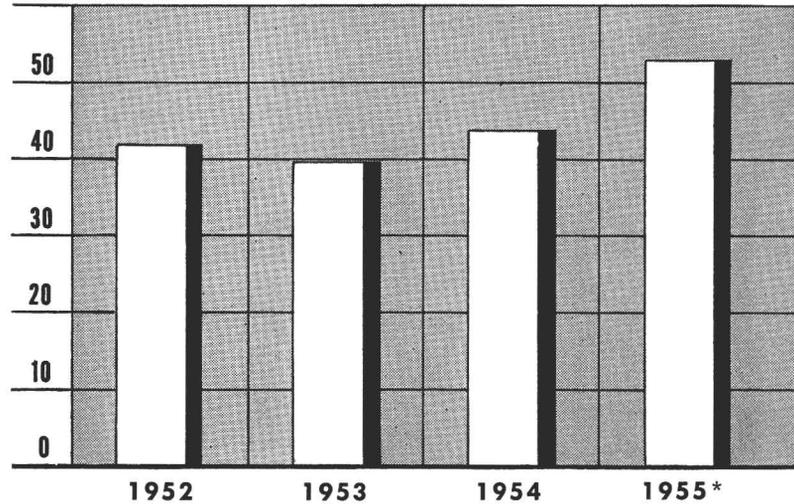
At the same time concentrations to achieve new methods of cutting production costs without restrictive practices were encouraged and several were authorized by the High Authority during the year.

Subsidies and Other Provisional Measures Vanishing

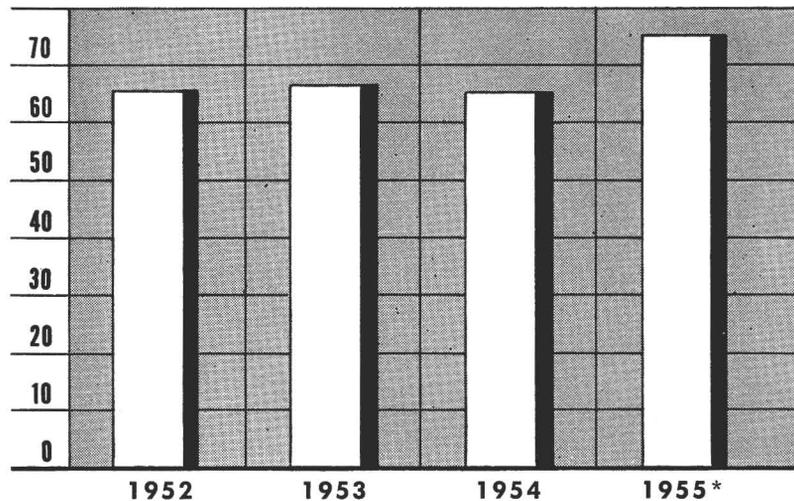
The few subsidies and customs duties temporarily permitted to ease the transition from national protected markets to the single market of 160 million consumers were further cut during the year. Among them were the

PRODUCTION (millions of metric tons)

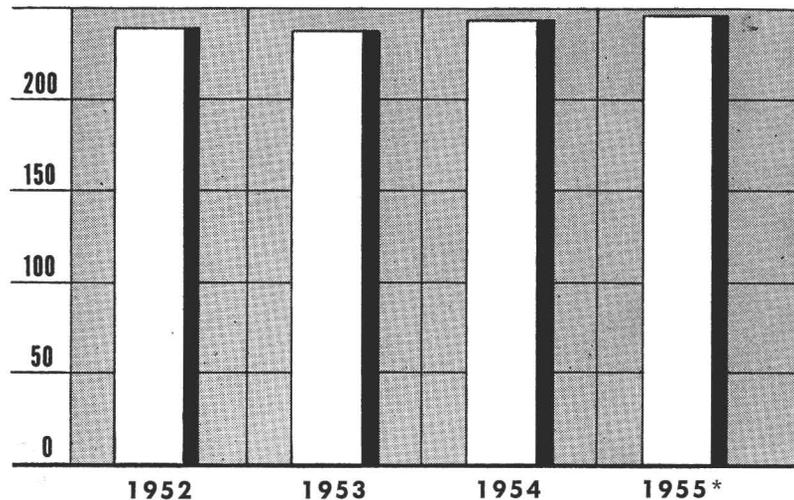
STEEL



IRON ORE



COAL

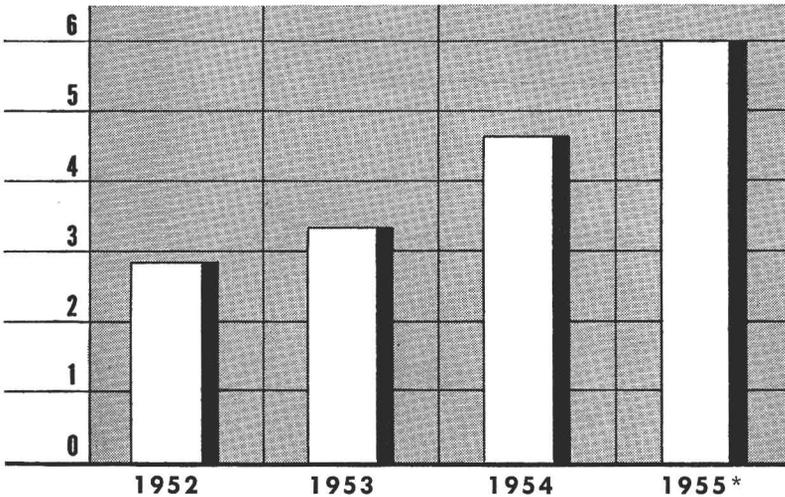


*All 1955 figures are estimates based on latest figures: for production on figures of first 11 months of year; for coal trade on first 10 months and for steel and iron ore trade on first nine months.

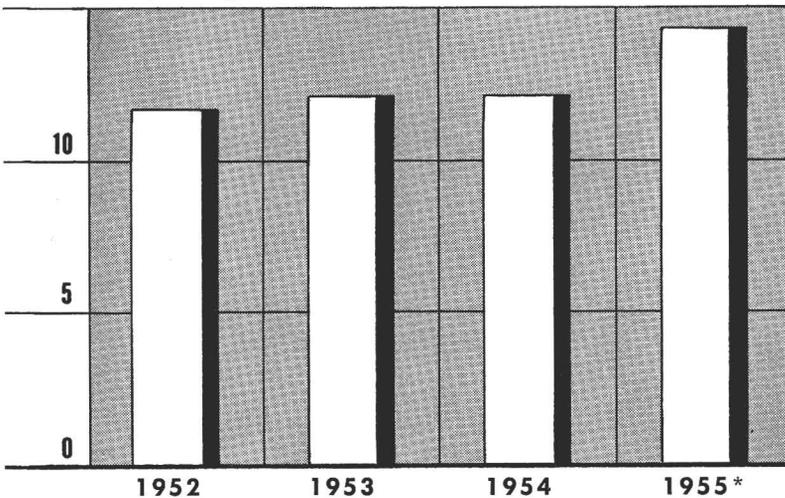
TRADE BETWEEN COMMUNITY COUNTRIES

(across intra-Community frontiers)

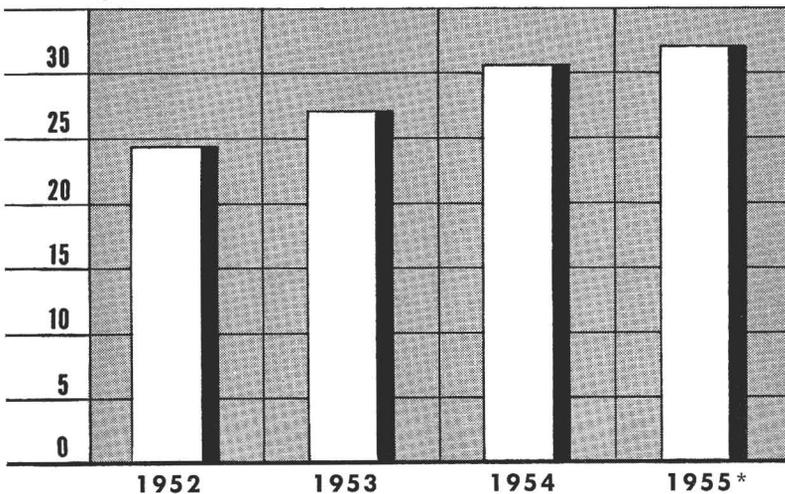
STEEL



IRON ORE



COAL



*All 1955 figures are estimates based on latest figures: for production on figures of first 11 months of year; for coal trade on first 10 months and for steel and iron ore trade on first nine months.

Italian import duties on iron and steel, French Government subsidies to certain patent-fuel works, and subsidies to the Lorraine and Sarre coalfields on their sales in Germany. Total subsidies paid out dropped from 13,000 million French francs (\$37 million) in 1953 to 8,000 million (\$23 million) in 1955.

Investments—High Authority Supervision Strengthened

From September, 1955, onwards Community firms were requested to notify the High Authority three months in advance of all investment projects in excess of \$500,000 for new plant and \$1,000,000 for replacements or modernization. While leaving the firms themselves responsible for their investment programs, the High Authority will be able to give an opinion on their plans and thus aid in the co-ordinated development of Community investments.

The High Authority also granted \$200,000 for the study of technical conditions in steel rolling, \$105,000 for study of flame radiation, \$278,000 for comparative tests of silica bricks used in open-hearth furnaces and \$1,000,000 for coke tests in blast furnaces.

At the same time it was able to reduce its tax on Community firms. From July 1, 1955 the levy was cut from 0.9% to 0.7% of output value; and from the beginning of 1956 it will fall to 0.45%. The High Authority now has some \$100 million in its loan guarantee fund and nearly \$50 million in its workers' resettlement fund.

The United States loan of \$100 million was fully allocated during the year to a total of 54 firms—collieries and

RENE MAYER TO VISIT THE UNITED STATES

Secretary of State Invites High Authority President for Consultation Talks in February

René Mayer, President of the Community's High Authority and former Premier of France, will visit the United States next month for two weeks beginning February 6th for talks with Secretary of State John Foster Dulles and other Government leaders.

M. Mayer will spend at least four days in the nation's capital discussing current questions of mutual interest to the Community and the United States. Following his Washington visit, the High Authority President will hold talks with leaders in the U. S. coal and steel industries before returning to Luxembourg.

His trip will mark the third official visit of a High Authority President to the United States. M. Mayer's predecessor, Jean Monnet, came to the U. S. when he held that post in 1953 and again in 1954. This will be M. Mayer's first trip to the U. S. since his selection to the Presidency of the High Authority. He has, however, visited the U. S. on several previous occasions including 1953 when he was Premier of France.

iron-ore mines—at an interest rate of 4.1%, with repayment, in most cases, over 25 years. The effects of the loan were not confined merely to the sums directly loaned but included an important contribution to lowering current interest rates and also to stimulating, indirectly, an even greater quantity of loans from other sources.

Social Policy Develops

Alongside its activity in the fields of production and trade, the High Authority in 1955 also made substantial strides in the development of an advanced social policy, which is discussed in M. Mayer's message elsewhere in this bulletin. The Trade Unions of the six countries, through their joint offices in Luxembourg and their representatives on the Consultative Committee, made it clear that they intend to press for determined special action and increased powers for the High Authority in this field. The achievements of the High Authority, in resettlement and training of workers affected by modernization, and in the fields of workers' housing, industrial health, and the study of

wages and working conditions, have stimulated labor's drive for social action on the supranational level.

1955 has seen tremendous economic gains for Western Europe in which the Community played an important role through its maintenance of a single market for the two basic resources of a modern economy. Barring unforeseen political developments or the remote possibility of power shortage, Western Europe's gains are expected to continue at the same accelerated pace in 1956. Yet another bright prospect for the free nations of Europe in the coming year is the widening of economic unity to new fields. Chances for new steps toward functional integration appear more secure than at any time since the defeat of the EDC. A nuclear energy pool under federal authority, the beginning of the gradual dissolution of cramped national markets, the establishment of a Europe-wide investments program, and the introduction of a single market for transport—all these proposals are being seriously considered: 1956 may well see the realization of one or more of these steps toward united Europe.

THE UNITED STATES AND THE COMMUNITY

A Personal Message from

René Mayer, President of the High Authority

The Secretary of State, Mr. John Foster Dulles, has done me the honor of inviting me to the United States early next month. I have gladly accepted his invitation and it will give me great pleasure to come to Washington in February for an exchange of views with Mr. Dulles and other members of the United States Government.

Neither my predecessor as President of the High Authority, Jean Monnet, nor myself, is a stranger to your hospitable and generous country. M. Monnet, the architect and inspirer of the Community, made two visits while President, and I was in the States as recently as March, 1953, when I was Premier of the French Republic. This is, however, my first visit in the role of President of the High Authority.

I come at a time when Europe stands at the crossroads. Twelve months ago many sober observers felt that the rejection of the European Defense Community meant the end of European unity. And yet today the prospects are better than anyone would have dared hope: a new spirit is on the move in our six countries; many who previously opposed the integration of Western Europe have moved into the camp of unity, and look to its achievement as a matter of increasing urgency.

Sees German Industrialists' Support

I cannot do better than quote from a recent speech by Wilhelm Beutler, Vice President of the Federation of German Industries. (I am not betraying any secrets if I say that industrialists in general had not been notably sup-

porters of European economic integration through supranational institutions.) This is what Herr Beutler said before the German annual congress of European Union—which I attended—in Berlin last November:

"Last year I made some rather skeptical remarks on supranational institutions and the speed of their establishment. . . . But following the event of Geneva I must make my views clear. Those who are today in favor of a slow pace of integration forget the mortal danger which threatens us. This is not only my personal opinion, it is also the view of important quarters of the German economy who, since that conference, have been haunted by the nightmare of possible ruin. And it applies equally to the institutions." Herr Beutler went on to demand a Euro-



RENÉ MAYER

pean Economics Ministry with supranational governmental power, and a parliament with full democratic control over it.

If responsible German industrialists are thinking like this, the atmosphere towards European economic integration is indeed changing for the better.

Cites Community As Blueprint for Wider Integration

At Brussels, experts of the six Community countries are currently drawing up recommendations for further economic integration. The Community has always been willing to offer its assistance in furthering European unity, and its experts gladly accepted when asked to help in this important work in Brussels. While I am in the United States one of the subjects we shall almost certainly discuss will be the invaluable experience of the Community in creating a large single market, and the lessons which this pilot plant of economic unity holds for future, broader economic integration.

Reaffirms Need for Federal Authority

I do not believe for a moment that our achievements could have been brought about without the specific sovereign powers granted to the High Authority in the field of Western Europe's coal and steel industries. We should never have been able to persuade the individual governments to take the numerous and sometimes allegedly risky steps necessary to abolish national protective barriers. You know yourselves that the United States would have fallen apart if your Federal government had not had sovereign powers over your component states, and in disunity, the United States could not have been the great power it is today. This is the major lesson, but there are a hundred others concerning the safeguards and technical precautions needed in changing from closed, highly-protected national markets to an open, competitive single market, and in ensuring that fair-trading rules are kept.

The achievements of the Community, based on the High Authority's firm power of decision, are now becoming increasingly acknowledged. The large single market of 160 million West Europeans has been in existence for over two years for coal and steel; consumers of these products in any Community country can now buy their supplies from any other part of the Community without having to pay customs duties. Their governments must grant them the necessary foreign currency without any restriction, and nobody can now stop those products from getting across Community frontiers by clamping on import or export quotas. The cost of rail transport is no longer inflated by the heavy frontier charges formerly applied, and tapering rates will have been adapted throughout the whole of the Community's territory by May, 1957. The decisive step to banish the coal cartels—I am speaking of the splitting of the Ruhr coal cartel into three independent selling agencies—has been taken.

Views Development of Competition

The healthy breeze of free competition is at last blowing into an atmosphere hitherto overladen with the web of protective national barriers; the inefficient and high-cost producers which such systems sheltered are being forced to modernize and cheapen their production before our five-year transitional period ends, or else go out of business.

No more significant step towards economic liberalism—a liberalism aiming always at a higher standard of living, and not the harsh *laissez-faire* of the 19th century—has been taken in the last 25 years.

This is not the place to go into detail on the individual actions of the Community—these are discussed elsewhere in this bulletin in a report on the Community in 1955. There you will see outlined the unparalleled prosperity of European trade and industry, and you will be able to judge for yourselves the Community's role in the remarkable expansion of output and trade within the Community which has been taking place.

New Social Aims

I would like to mention what we are doing to overcome what has been a powerful drag on economic and industrial progress. Workers, through temporary unemployment, have borne the brunt of mechanization, modernization, and rationalization in the past. Understandably, they have often bitterly opposed any attempt at expansion through these means.

To avoid this the High Authority is evolving a policy of resettlement and re-training. It has already acted positively in France, Belgium and Italy by giving substantial aid to enable workers to move from one job to another. It is now examining the policy of encouraging the creation of new activities in areas where competition on the single market endangers employment. Loans totalling 17 million dollars have been raised for an experimental building program to teach us how to build cheaper and quicker and to stimulate the building of workers' homes. The High Authority has convinced Governments of the need to permit free movement of certain categories of coal and steel workers throughout the Community by the issue of an international labor card. All these policies will help to bring about that mobility of labor without which industrial modernization and expansion is hamstrung.

Community Policy

Before I close this message I want to say a word about the broad lines of the Community's policy so far. It was feared, when the far-sighted yet realistic vision of such men as Robert Schuman and Jean Monnet produced the Treaty, that the High Authority would grow into a monstrous bureaucracy or become a remote planning authority. Neither of these two things has happened. On the contrary, it has followed a policy of economic liberalism, allowing the maximum freedom compatible with the well-being of the coal and steel industries and their workers and

with the effective working of our single market.

The rights of the individual are guarded by the Community's Common Assembly, which is making its parliamentary control and supervision more effective everyday. Producers, consumers and workers can, in the Consultative Committee or in the consumers conferences we call at intervals, express their opinions on any important measure the High Authority plans to take. Governments and enterprises alike have already on a number of occasions used the Court of Justice to appeal against High Authority decisions; its judgments have gone both for and against the High Authority. Its powers as supreme arbiter insure that the High Authority, like the United States and all

other truly democratic governments, is subject to the law.

No-one who knows what the Community is doing can entertain doubts as to whether it is succeeding in its role for coal and steel. In its task it has always been fortified by the support of the United States of America. If further evidence of this support were needed, we have been given it recently in the raising of the U. S. representation to the Community in Luxembourg to the status of Mission, and the appointment of a distinguished diplomat, Mr. Walton Butterworth, as its first Chief, with the rank of Ambassador. It is our firm intention that this support will be vindicated by achievements in the decisive period which lies ahead for the European ideal.

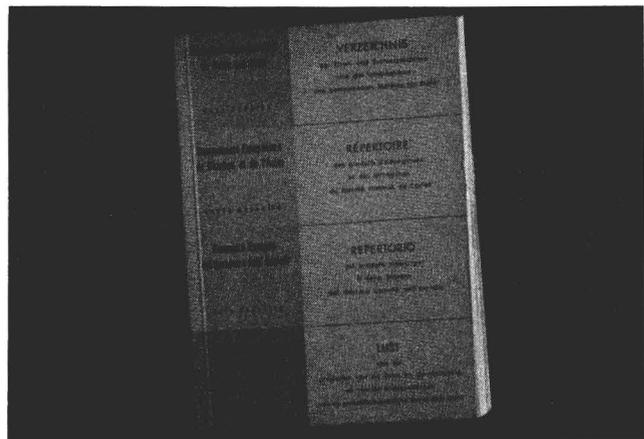
Community Publishes "Steel Baedeker" for Consumers

The High Authority of the European Community for Coal and Steel has just published the first handbook and guide ever compiled to the steel industries in the six member-nations of the Community.

The new pocket-sized "steel Baedeker" contains an indexed list of all steel products produced in Europe which come under the Community's jurisdiction. Each type of steel is listed separately followed by a country-by-country alphabetical listing of producers. Maps are also included showing the location of firms in Belgium, France, Germany, Italy, Luxembourg and the Netherlands.

Additional details on each company, including business and cable addresses, factory locations, telephone numbers and production details, appear at the end of the book. The information is printed in the four official languages of the Community—Dutch, French, German and Italian.

The High Authority's aim in compiling the booklet is to make available to steel consumers a list of all steel firms under Community jurisdiction—thereby providing the consumer with enough information to ensure that he can



benefit fully from the existence of the single European steel market.

The booklet is priced at \$1.50 and can be obtained (postage prepaid) in the United States by writing to the Washington office of the European Community for Coal and Steel.

Study Unit, "Building a United States of Europe", Now Available for Schools and Study Groups

"Building a United States of Europe, the Story of the European Community for Coal and Steel" is the title of a complete study unit newly available to schools and study groups in the United States.

Designed for widely-diverse audiences and particularly for American use, the study unit has been developed in collaboration with various educational organizations. The unit was prepared in response to requests for material that would fit the general needs of schools, colleges and community groups interested in international affairs.

Contents

* The basis of the unit is a 60-frame, full-color, 35 mm filmstrip and a 10-minute recorded commentary on a long-playing vinyl disc. Together, the filmstrip and commentary

present in concise and direct terms the story of the Coal and Steel Community and its importance as the first step toward United Europe.

* A 16-page study manual containing illustrations and text expands upon themes presented in the filmstrip providing further detail and background. One of these manuals are available for each member of the study group or class.

* Two full-color wall maps (39" x 45") show in detail the economic and political aspects of building a united Europe. Generally designed for classroom use, these maps are useful as reference aids for teachers and students and also for general study groups.

* For each member of the study group or class, a desk-sized outline map of Europe is included for assignments

and classroom work under the direction of the study leader.

* An illustrated eight-page pamphlet "Facts and Figures", an official publication of the European Community for Coal and Steel, provides the study leader with a ready source of frequently-used information.

* As an aid to using the study unit, the Leader's Guide discusses briefly the contents of the unit and offers suggestions for presentation and for further discussion and study. The text of the recorded filmstrip commentary is also included in the Guide.

A general preview release of the study unit, "Building a United States of Europe", will be made on or about February 1 through various state education organizations, colleges and regional education centers. Readers who are interested in obtaining the study unit directly may write to

Information Service

EUROPEAN COMMUNITY FOR COAL AND STEEL
220 Southern Building
Washington 5, D. C.

for information on ordering. There is a nominal charge for handling and postage. The filmstrip and commentary are provided on a loan basis but may be purchased if desired.

NEWSBRIEFS

Chief of Community Delegation to U.K. Named

On December 19th, the High Authority announced the nomination of Mr. Hendrik van Vredenburg as Chief of its Permanent Delegation to the United Kingdom. The Delegation was created under the terms of the Treaty of Association signed in December, 1954. Mr. van Vredenburg, who is Deputy Secretary-General of NATO, will assume his new duties sometime in April.

In the interim, Mr. Max Kohnstamm, Secretary to the High Authority and Director of the Information Service, will act as Chief of the Permanent Delegation. Mr. Kohnstamm's duties at the High Authority will be performed by Mr. E. P. Wellenstein, who is Secretary of the High Authority's Marketing Division and the Working Group on Marketing and Transport. Acting as Director of the Information Service will be Mr. J. R. Rabier, Assistant Director of the Information Service.

Luxembourg Government Ordered to Halt Treaty Violations

The High Authority has notified the Luxembourg government that it must stop impeding trade in the single market by subjecting coal imports to license requirements. The High Authority move was made after a Luxembourg firm complained to the Community's executive body that the Luxembourg government had refused it applications for import licenses.

Health and Safety Programs for 1956-57

The High Authority has approved the two-year program of its research committee for studies into silicosis, oxycarbonism, work at high temperatures, and methods of plant noise abatement. In October, the High Authority allocated \$1,200,000 over a period of four years for research into industrial medicine and industrial safety fields.

Massimo Pilotti Re-elected Court President

The distinguished Italian jurist, Massimo Pilotti, was re-elected last month as President of the Community's Court of Justice for a second three-year period.

Next Assembly Session

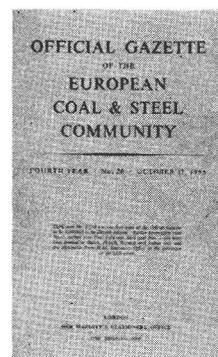
The next extraordinary meeting of the Common Assembly is slated to take place in Brussels between March 12 and 16. The agenda will be chiefly political, based upon the findings of the Brussels intergovernmental committee for studying new integration measures.

Action Committee for U. S. of Europe May Meet This Month

It has been reported that the first meeting of the Action Committee for a United States of Europe will probably be held in Paris on January 20th. Jean Monnet, author of the new group to speed functional integration in Europe, postponed a meeting slated earlier because of conflict with the French national elections date. A recent trip to the capitals of the six Community nations is reported to have convinced M. Monnet that there exists within the Parliaments a majority in favor of re-launching the European idea on a step-by-step economic basis.

A New Listing of Community Documents

Teachers and students in European affairs as well as librarians will be particularly interested in a new listing just published of official documents and publications issued by the High Authority and the Common Assembly of the Coal and Steel Community.



The listing includes a number of new publications and also provides U. S. subscription prices to periodicals issued by the High Authority. One such periodical, newly available in the U. S., is the semi-monthly *Official Gazette*, now published in English, which contains the decisions, actions, announcements, and official notices of the High Authority, the Council of Ministers and Court of Justice.

The complete listing of documents, with prices, is available without charge by writing to the Washington Information office of the Community.