



Bulletin from the

EUROPEAN COMMUNITY

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FREE TRADE AREA TALKS SURVIVE CRITICAL PERIOD

French Crisis Brings New Delay

The negotiations for a Free Trade Area seem to have passed through the critical period of two to three months ago when French suspicion of British intentions was at its height and when Britain had become almost convinced that France—or at any rate French industry—was determined to ensure the failure of the negotiations. Difficulties arose partly through rumors concerning a French counter-plan and partly through a series of statements by responsible French industrialists. The French industrial association, the *Patronat Français*, for instance, categorically barred a Free Trade Area in anything like the form under discussion.

Since then, however, the storm appears to have lessened. Technical difficulties remain but statements by various responsible national politicians, as well as by the President of the European Economic Commission, Walter Hallstein, and by High Authority President Paul Finet, have made it clear that, while they remained unshakable in their intention to preserve intact the Treaties of Rome, they were deeply conscious of the need to extend European unity beyond the frontiers of the Six and to prevent the division of Europe which seemed to be threatening.

But the French crisis has delayed progress toward resolving the problem. The Ministers of the Six were due to discuss a final report by their working group on the Free Trade Area on May 21 in Brussels, and immediately start drawing up a joint memorandum for submission to the Intergovernmental Committee of the OEEC for Negotiation of a Free Trade Area (the Maudling Committee). On the same day, however, the chairman of the Council of Ministers, M. Victor Larock of Belgium, announced that the discussions had had to be postponed owing to the situation in Algeria.

Points at Issue in the Free Trade Area Debate

Mr. Reginald Maudling, chairman of the Intergovernmental Committee, gave a concise survey of the current state of the negotiations to the Consultative Assembly of the Council of Europe at its session in Strasbourg from April 28 to May 3.

Dividing contested points into two categories—those which appeared to be at the point of solution and those for which no solution was yet in sight—he placed the following in the “near-solution” category:

1. The inclusion of coal and steel in a Free Trade Area.
2. Payments questions and measures to enable underdeveloped countries to join from the outset.
3. The question of institutions.

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In the category of problems for which no solution was yet in sight Mr. Maudling listed:

1. Agriculture, with its twin difficulties of trade and government assistance to agriculture (the different nature of the agricultural problem might mean that a separate agreement from that on industrial goods would be necessary).
2. The problem of origin: this could of course be solved by adoption of a common tariff and common economic and social policies, but a common policy of this kind would imply a degree of integration which some countries could not accept.

At the same time, Mr. Maudling said, the absence of a common external tariff should not prevent harmonization in a downward direction of the various tariffs; this would prevent major distortions of trade and also permit the development of trade with the rest of the world. However, while some countries thought that it would be necessary to have precise safeguards and a clear definition of origin, the danger was that if these rules were too strict they would hamper rather than facilitate the development of trade.

3. The special situation of France, the advantages which she has been granted under the Rome Treaty, and the divergence of opinion between her and Britain: these were clearly obstacles to the setting up of the Area. But an effort of mutual understanding and the memorandum to be submitted by the Six to the OEEC Intergovernmental Committee might be able to solve this thorny question, Mr. Maudling said.

Turning from his role as chairman of the Intergovernmental Committee to his position as a British Minister, Mr. Maudling stressed that Britain's position in the Commonwealth, criticized by some as incompatible with membership in a Free Trade Area, has involved heavy penalties and responsibilities as well as benefits. Criticism of the imperial preference system, he said, was thus based on a misunderstanding of its nature.

Reginald Maudling, British Delegate to the FTA talks and chairman of the OEEC Intergovernmental Committee for Negotiating a Free Trade Area is seen addressing a Brussels audience. Of cabinet rank in the British Government, Mr. Maudling serves as Prime Minister Macmillan's Paymaster General.



Need for Rules and Institutions to Enforce Them

The Belgian Minister of Foreign Trade, M. Henri Fayat, declared that in two or three years the Free Trade Area would bring about important changes in structure which would require clear rules and, accordingly, institutions with power to make decisions and enforce them. "It would be unreasonable," he said, "to think you can abolish frontiers without putting in their place an organization able to ensure respect for freedom of circulation."

In the subsequent debate, it became clear that no one disputed the political need for a Free Trade Area or the over-all economic benefits it would bring. Representatives of several of the small countries outside the Six said that the economic power of the Community was such that failure to negotiate a Free Trade Area could have a disastrous effect on their economies. It was hoped that the Carli proposal (named after the Italian Minister of Foreign Trade) for a rough harmonization of external tariffs, and the imposition of compensatory duties on goods coming from countries with tariffs below the average level, would help to solve the problem of origin.

Several speakers supported French objections to Britain's enjoying the double benefit of membership of the Commonwealth and the Free Trade Area. Former French Premier Paul Reynaud said that the proposals for such an Area did not provide the same guarantees of harmonization with France's traditionally protectionist economy which her partners in the Rome Treaty had granted her. He thought that even if a French Government signed a Free Trade agreement of the kind proposed at present, it would not be ratified by the National Assembly. France, he said, favored the essential idea of a Free Trade Area but on condition that it was in such a form that it would be possible for France to join.

Industries of the "Other Six" Produce New Plan

A new element was injected into the Free Trade Area situation in mid-April when the industrial federations and employers' organizations of Austria, Denmark, Norway, Sweden, Switzerland, and the United Kingdom published a joint statement* setting out their proposals for a Free Trade Area (to be re-named "Euromarket"). The statement showed a significant advance in the thinking of industrialists in those countries.

Its main points were:

1. **Agriculture:** it recognized that agriculture cannot be excluded from the new arrangements. Special arrangements should be negotiated for agricultural products with a view to promoting freer and expanding trade. In addition, "a wide range of industrially processed products of agriculture and fisheries" should be included in the free trade area for industrial goods. (Britain's National Farmers' Union has given significant support to this point of view, stating, "agriculture is no longer an obstacle barring the way to conclusion of a Free Trade Area Agreement.")
2. **Problems of origin:** on this point the statement was far from the views of the Six. It suggested that the problem be dealt with by certificates of origin (as in the British

* Free Trade in Western Europe, Paris, April 14, 1958

United Kingdom Agricultural Imports from the Commonwealth*

from the World
\$4,064,184,000

from the Commonwealth
\$1,580,639,000

- Australia \$353,615,000
- Canada \$358,218,000
- Federation of Rhodesias & Nyasaland \$65,512,000
- India \$229,436,000
- Malaya \$15,627,000
- New Zealand \$423,114,000
- South Africa \$135,117,000

United Kingdom Agricultural Imports from Six Nations*

from the World
\$4,064,184,000

from the Six
\$358,976,000

- Belgium-Luxembourg \$26,635,000
- France \$65,667,000
- West Germany \$12,484,000
- Italy \$66,046,000
- Netherlands \$188,144,000

Six Nation Agricultural Imports from potential FTA members*

from the World
\$4,732,121,000

from potential FTA
\$425,363,000

- United Kingdom \$65,683,000
- Austria \$17,197,000
- Denmark \$227,309,000
- Norway \$38,462,000
- Sweden \$36,000,000
- Switzerland \$40,712,000

Rounded figures for 1956. Sources: Yearbook of International Trade Statistics, 1956, United Nations and 1951-1956 Foreign Trade Statistics, OEEC.

* processed agricultural products not including fibers, hides or inedible oils; per Standard International Trade Classification, Sections 0 and 1

proposals) with the rules and forms made as simple as possible. Agreement in advance on harmonization of tariffs, with compensatory tariffs where necessary, was rejected. Instead, it was proposed that specific cases of deflection of trade be dealt with by a complaints procedure allowing the executive body of the Area to apply measures of this nature where necessary.

3. **Escape clauses:** the rules on this point should define clearly and restrictively the conditions in which escape clauses can be invoked, and the scope and duration of the measures, the statement said. The executive body of the Area should have power to approve, modify, or cancel any unilateral action taken to remedy balance-of-payments difficulties and to authorize counter-measures in case of non-compliance. Treaty of Rome provisions for mutual aid in balance-of-payments difficulties should be incorporated in the Free Trade Area Convention. The statement urged that the Convention would also incorporate provisions as wide as those of the Rome Treaty for aid to hard-hit industries.
4. **Rules of competition:** the statement went a long way toward suggesting a complete set of rules, to be enforced by the appropriate institution through a complaints procedure. Subsidies and other state aids to industry should be banned and quantitative and other export restrictions and discriminatory dual pricing should be gradually abolished. Discriminatory use of domestic indirect taxation such as sales and purchase taxes should be banned; anti-dumping rules should be applied and Governments should be enabled to bring complaints against cartel and monopoly practices which "frustrate the objectives of the Free Trade Area."
5. **Free circulation of capital, labor, and services** were all advocated, including progressive realization of the right of establishment for all firms within the Free Trade Area. It was recognized, however, that special difficulties in certain countries could set limits to the mobility of labor. For transport, all discrimination by nationality should be forbidden, international through-rates should be introduced for rail traffic, and free transit of road haulage traffic should be provided for, with abolition of the present system of permits.
6. **Economic and financial policy:** the industrialists suggested frequent contact and voluntary cooperation as a means of obtaining a trend toward harmonization of economic and financial policy, and rejected prior harmonization of social charges, wages, and working conditions. They also rejected a joint investment bank and a social fund, doubting whether they will meet the needs for funds or be able to operate along commercial lines, but they propose "international aid activities" for displaced workers.
7. **Institutions:** the industrialists of the "other Six" recognized the need for new agencies strong enough to be effective and to carry out disciplinary measures. The executive institution should be able to call on Member Governments to abandon or forbid practices contrary to the Convention, and to sanction counter-measures if they do not comply. In dealing with many of the complaints brought before it, it should act by majority

vote, they urge. Thus the statement abandoned the idea that the Free Trade Area could be run under the OEEC as it is presently organized.

8. **Coal and steel:** the industrialists recommended that these products should be subject to the same rules as other industrial products.

On the question of agriculture and institutions the statement indicated that the industrialists and employers have moved significantly closer to the viewpoint of the Six; on problems of origin (on which the Six themselves do not yet appear to have reached a final decision) and on questions of harmonization and safeguards, however, there is clearly still a wide gap. The recommendation on coal and steel is not in fact as different as it may seem from the ideas expressed in recent speeches by the High Authority's President, Paul Finet, (see page 6) and its Vice President, Dirk Spierenburg, since many of these ideas are put forward by the industrialists for the Free Trade Area in general. (In a recent speech in Copenhagen, M. Spierenburg listed as indispensable for free trade in coal and steel: 1. a ban on subsidies, direct and indirect; 2. price publicity, with some means of avoiding dumping and discrimination; and 3. provision for positive joint action on supplies in case of a severe shortage and on production and employment in a slump.)

The action by the industrial associations of the "other Six" produced speedy reactions among the industrial federations of the other member countries of the OEEC. Meeting in Paris in mid-May, the Council of Industrial Federations of Europe set up a Committee of 17 members (one for each country) to produce a draft report for discussion at a plenary session to be held on June 12 and 13. Clearly, constructive joint proposals by the industries of all the OEEC's member countries could have an important influence on the negotiations.

Free Trade Unions To Take Active Role: United View Sought

Meanwhile, the Free Trade Unions of Europe have also acted to increase their influence on the course of the negotiations. Meeting in Brussels from May 13 to 15, they urged the Governments taking part to declare officially

Trade in agricultural products: A major issue in the FTA negotiations. Here Canadian foodstuffs are landed at Liverpool in Britain.
Courtesy: British Information Service



that the maintenance of full employment and the harmonization of living conditions in an upward direction were two of the major objectives of the Free Trade Area. They also called on the Governments to ensure that the Area's institutions were capable of fulfilling these two aims. The Labor representatives also demanded that they should be regularly consulted by the Governments during the negotiations and for this purpose they instructed their Economic Committee (see Bulletin no. 28, page 8) to follow day by day the course of the negotiations in the OEEC's Intergovernmental Committee.

At the same time, the Economic Committee will examine and try to align the positions of the trade unions of the Six on the one hand, and those of Austria, Britain, Denmark, Norway, Sweden, and Switzerland on the other, so as to produce a united trade-union viewpoint on the Free Trade Area.

The U.S. View: Herter Cites Support for FTA

The United States, whose support for European integration has already been shown on numerous occasions, not only by words of encouragement but also by practical measures such as the \$100 million loan to the ECSC in 1954 and the appointment of a joint Mission to all three Communities, hitherto maintained a tactful silence on the Free Trade Area.

However, speaking at the OEEC's tenth anniversary in Paris on April 25, Under-Secretary of State Christian Herter voiced "the deep interest of the United States in the success of current negotiations to establish a European Free Trade Area associated with the Common Market of the six Community countries."

He said: "We hope that these efforts will result in multi-lateral arrangements, mutually satisfactory to the member countries, that will lead in time to a broader union. . . . The United States has given strong support to every post-war proposal which has held promise of strengthening Europe economically and reinforcing its cohesion, thereby strengthening the free world. In keeping with this general aim, I wish to state here today that the United States warmly supports the European Free Trade Area negotiations and wishes them success."

ARMAND VIEWS EFFECTS OF U.S.-EURATOM AGREEMENT

Euratom Head Stresses Effectiveness of Safeguards

The safeguards and control system to be set up by Euratom will afford the United States a stronger guarantee of effective control of special nuclear materials than could be obtained at the present through bilateral or international agreements, declared Louis Armand, President of the Euratom Commission, in a recent interview.

The interview, published in the June issue of the Atomic Industrial Forum's "Forum Memo," dealt with some half dozen leading questions that have been raised in America in connection with the pending U.S.-Euratom agreement for a joint nuclear power program.

Addressing himself to the question of safeguards, the Euratom President said that Euratom is to have "an absolutely watertight control system" in accord with "criteria which have been agreed upon between Euratom and the U.S. Government, based on the principles of the Euratom Treaty, of the International Atomic Energy Agency, and of the bilateral agreements of the U.S." He added that Euratom would call upon the U.S., in view of its broad experience in this field, for assistance in setting up and operating its control system.

Thus, he said, the control system set up in the proposed agreement "gives the U.S. an even stronger guarantee than they could obtain at present under any bilateral or international agreement."

Euratom and Private Industry

Touching upon other points, M. Armand underscored the Euratom Commission's relationship to private industry in the building and financing of power stations. He declared that it would be the job of industry, assisted by governments if necessary, to build the power stations. Euratom's role, he said, would be that of an intermediary. He quoted the Memorandum of Understanding between the U.S. and Euratom as saying: "The joint program will be undertaken so as to obtain the maximum support of Community and United States' industries. Indeed, their active participation is truly indispensable to the success of the program." Finally, M. Armand firmly dismissed fears that Euratom might "nationalize" the atom in Europe. He said: "Euratom and the joint program will not socialize industry but will bring it help and assistance without modifying its present structure."

The "Target for Euratom": A Realistic Objective?

Questioned as to whether the 15-million-KW goal by 1967 set by the "Three Wise Men" a year ago was still a realistic objective, M. Armand replied that because their Governments had not yet had the opportunity to take that objective into consideration, it was doubtful whether the timetable could be met. However, he said the Community would have installed by 1965 about four million KW of nuclear power, excluding the one million planned under the joint U.S.-Euratom program. In all events, he expressed belief

that "the objectives of the 'Three Wise Men' will be retarded by only a few years."

Technical, Economic, and Political Benefits of the Joint Program

In terms of technical development, M. Armand said that the joint program would enable Europe to put into use reactors using enriched uranium and cooled by pressurized or boiling water. Simultaneous use of this type and the natural uranium, gas-cooled type already employed in Europe will improve both techniques.

The U.S.-Euratom program would, on the economic side, help the Community to fill more rapidly the gap in energy needs through its own resources, help bring the cost of nuclear energy down to the level of that of conventional energy, and also help Europe's industry cross the threshold into the atomic age.

Finally, he declared that the agreement would reinforce not only European integration but Atlantic solidarity. M. Armand noted: "This will mark the first time that the United States and Europe have worked so closely together in the industrial and scientific field and I think it will be a historical example of very great importance for the future."

Britain Seeks Atomic Energy Pact with Euratom

The United Kingdom on May 22 proposed to the Executive Commission of Euratom that Britain and the six-nation European Atomic Energy Community negotiate an agreement in the field of the peaceful development of atomic energy.

The announcement came two days after the Council of Ministers of Euratom voted to undertake a joint program with the United States for constructing full-scale nuclear power plants in the Atomic Energy Community producing one million KW of electrical energy.

The Euratom Commission promptly declared itself ready to engage in talks with the United Kingdom with a view toward reaching an agreement of cooperation for nuclear energy development. The Commission also accepted the accreditation of Britain's envoy Sir William Meiklereid as U.K. Representative to the Atomic Energy Community. Sir William is already serving as British Representative to the six-nation European Coal and Steel Community.

Britain becomes the second of the free world's two atomic energy leaders to establish official relations with the five-month-old Euratom Commission. On February 28, 1958, President Eisenhower named Ambassador W. Walton Butterworth as U.S. envoy to Euratom. On the same day, Atomic Energy Commission Chairman Lewis L. Strauss and Secretary of State John Foster Dulles announced that the U.S. would enter into negotiations with Euratom for a joint nuclear power undertaking.

THE EUROPEAN ASSEMBLY'S BRIEF MAY SESSION

Finet Presents High Authority's Sixth Report

Before packed public galleries in Strasbourg's *Maison de l'Europe*, the European Parliamentary Assembly held its second meeting on May 13th and 14th. A short-lived affair, owing to the French national crisis and the desire of many Italian and Belgian members to return home for their national election campaigns, the Assembly heard and briefly discussed High Authority President Paul Finet's presentation of the Coal and Steel Community's Sixth Annual Report. In addition, a heated debate over the site of a "European" capital developed but was broken off by adjournment before the Assembly could draft its recommendations on the issue to the six Governments.

M. Finet devoted part of his address to an endorsement of the Free Trade Area, adding the High Authority to the list of institutions and governments that have openly declared for a multi-nation complement to the Common Market. He said the extension in depth of the progress toward a United States of Europe achieved through the Common Market and Euratom should soon be supplemented by an extension in breadth. The formation of the FTA, he stated, "would be a further milestone in Europe's progress."

Creation of a Free Trade Area would necessitate special rules on coal and steel products, the High Authority President said. These should include a ban on subsidies, as in the common market, and a clause to correct or offset other distortions of the conditions of competition. M. Finet also called for a system by which FTA countries could join in any allocation or quota plan that might be introduced by the ECSC in times of serious shortages of coal or steel. Any such link would, however, be subject to "maintenance of a strict balance of responsibilities and benefits."

Long-Term Energy Needs and the Current Lull

Reviewing the situation of the market in coal and steel, M. Finet told the Assembly that the Community had been less affected by the recession than some other areas, notably the United States and Britain. Economic activity in the first few months of this year had been about 3 per cent higher than during the corresponding period of last year. This did however involve a fall in the expansion rate which in the 1957 period had been 8 per cent as compared with 1956.

The current slackening in the expansion rate, M. Finet warned, should not blind the Community to the "vital demands of long-term development. Despite the 15,500,000 tons of coal and coke now stocked at the pitheads in the six countries," he said, "it is absolutely essential, paradoxical though this may seem, that the production of certain grades should be expanded, if the Community is not later on to become excessively dependent on imports."

The High Authority President urged wide-scale modernization and asked the six governments to accept plans to aid the building up of buffer stocks. This program, he

said, would strengthen the Community's total energy position and its dollar reserve as well as insure continued high employment.

Vote on Europe's Capital Postponed

In the absence of large numbers of French members preoccupied with the crisis in Paris and of many of the Italian parliamentarians busy campaigning in Italy's national election, the Assembly postponed formulation of its position on the site for the capital of the European Community until its mid-June meeting. But the Assembly's Socialist group made a strong attempt to force an immediate vote.

Animated debate finally ended with a sudden motion for adjournment from Edoardo Martino, one of the Italian members who wanted to get back to his election campaign. Receiving support from Belgian members also in the throes of an election, the adjournment motion mustered 41 votes, with 37 against and four abstentions.

The Assembly's decision made it certain that the Ministers would not be able to reach a decision on a European capital before June 1, the time limit they had set themselves.

The continuing impasse is expected inevitably to slow the development of the two new Communities, Euratom and the Common Market. The delay means that the difficult conditions under which they are working will continue for some time.

The views of a majority of the Assembly were probably reflected in a motion put forward by Hermann Kopf, German Christian Democrat and Teresio Guglielmone, Christian Democrat Senator from Italy. Their proposal, likely to have been approved if the adjournment motion had not scraped through, did not espouse any particular city, but set forward these principles:

1. the executives of the Three Communities should be located in one place;
2. the Secretariat of the Assembly should be located in the same place as the executives and the Committees of the Assembly should meet there, too; the Assembly,



President Finet

itself, could also hold its sessions in the one central location even though it was conceded that sessions could still be held in Strasbourg if that city was not chosen;

3. the Court of Justice, the European Investment Bank, and the proposed European university should, in principle, also be located in the one capital city, but there would not be strong objection if this requirement were waived, and
4. the capital should be chosen finally in such a way as to assure "the efficient operation of the institutions, adequate publicity for their activities, and the development of European integration."

Full debate on the issue of a capital is scheduled to be resumed when the Assembly reconvenes on June 21st. A vote on the Assembly's recommendations to the Ministers, it is promised, will be called by June 23rd. The state of the negotiations for a Free Trade Area will also be debated.

Michel Rasquin Dies

Michel Rasquin, Luxembourg Member of the Commission of the European Economic Community, died last April 27 in Luxembourg at the age of 59. Born in Pétange, Luxembourg in 1899, M. Rasquin sought refuge in France in 1940 and became editor of "Vérité," a Resistance newspaper in Marseilles. In 1945 he returned to Luxembourg becoming President of the Luxembourg Socialist Party and editor of the Journal d'Esch. In 1946 he became Conseiller d'État. He was elected Deputy in 1948 and became Minister of Economic Affairs in 1951. He served as Member and President of the Council of Ministers of the European Coal and Steel Community before his appointment on January 7, 1958, as a Member of the European Economic Commission.

High Authority Plans Third Workers' Housing Program

The High Authority has approved for 1959 and 1960 the launching of a third program for the construction of housing for coal and steel workers. The program, which should provide some 18,000-20,000 houses and cost approximately \$100 million, will bring the total for all the High Authority's housing programs to more than 55,000 dwellings.

For the new housing drive, the High Authority will make direct loans totaling \$15 million at very low interest rates from its own special reserve of funds accumulated from interest and fines. In addition, it plans to make available at least an equivalent amount through loans which it will raise directly on the Community's capital markets on terms more favorable than could be obtained by organizations undertaking construction. Thus, as in the second program, the average rate of interest will be considerably lowered. This means lower rents for the houses which are to be let and lower purchase prices for the houses which are sold to coal miners or steelworkers.

The High Authority's decision still requires approval of the Council of Ministers; Article 54 of the ECSC Treaty requires the Council's approval for the granting of loans to bodies other than the Community's coal and steel enterprises. In this case, construction of the houses is to be undertaken both by coal and steel firms and by municipal authorities.

Housing Programs to Date

As of April 1 this year, the High Authority's housing programs included the construction of 36,861 dwellings, of which the financing for 30,590 has so far been arranged. Dwellings already completed number 12,639, while 11,073 dwellings were under construction and a further 6,878 still in the planning stage. Total cost of these programs has been over \$200 million to which the High Authority has contributed a total of \$68.8 million—\$2 million as direct

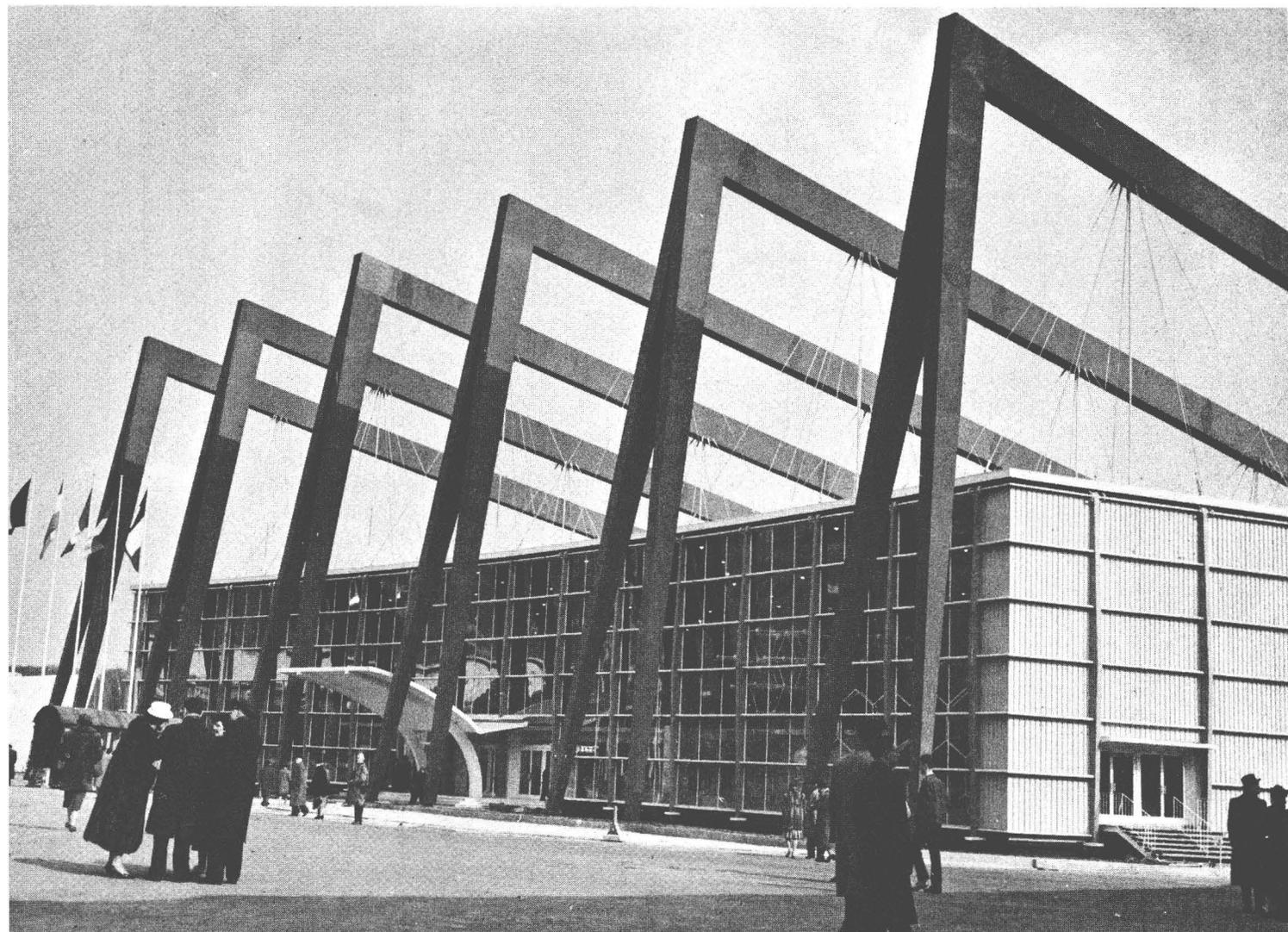
grants to experimental programs, \$18.4 million as direct loans from its own funds, and the remainder from funds specially borrowed by the High Authority for the purpose.

The table below shows the method of financing adopted by the High Authority for the second housing program, and the method by which the High Authority has used a relatively small sum, by comparison with the total cost of the program, to produce by European standards low average interest rates—ranging from around 4 to 5¼%—and to build the largest possible number of houses.

Country	Number of dwellings planned	Total cost In millions national currencies	Total cost In millions of EPU (\$) accounting units	Participation by the High Authority in millions of EPU (\$) accounting units			Other sources of finance
				direct	indirect	total	
Germany	12,300	DM 315.0	75.0	7.1	10.7	17.8	57.2
Saar	700	F fr 1,720.0	4.1	0.7	1.4	2.1	2.0
{ Belgium							
{ Luxembourg	1,000	Bfr 292.5	5.9	3.8	2.1	5.9	---
France	1,100	F fr 3,750.0	8.9	3.6	---	3.6	5.3
Italy	2,500	Lire 7,000.0	11.2	2.1	0.6	2.7	8.5
Netherlands	1,250	Fl. 20.6	5.4	1.1	4.2	5.3	0.1
Community	18,850	---	110.5	18.4	19.0	37.4	73.1

So far, roughly half the houses built have been to rent and half are being sold outright, on easy mortgage terms, to the coal and steel workers. The proportion of rentals as opposed to sales in four of the Community countries has been approximately as follows:

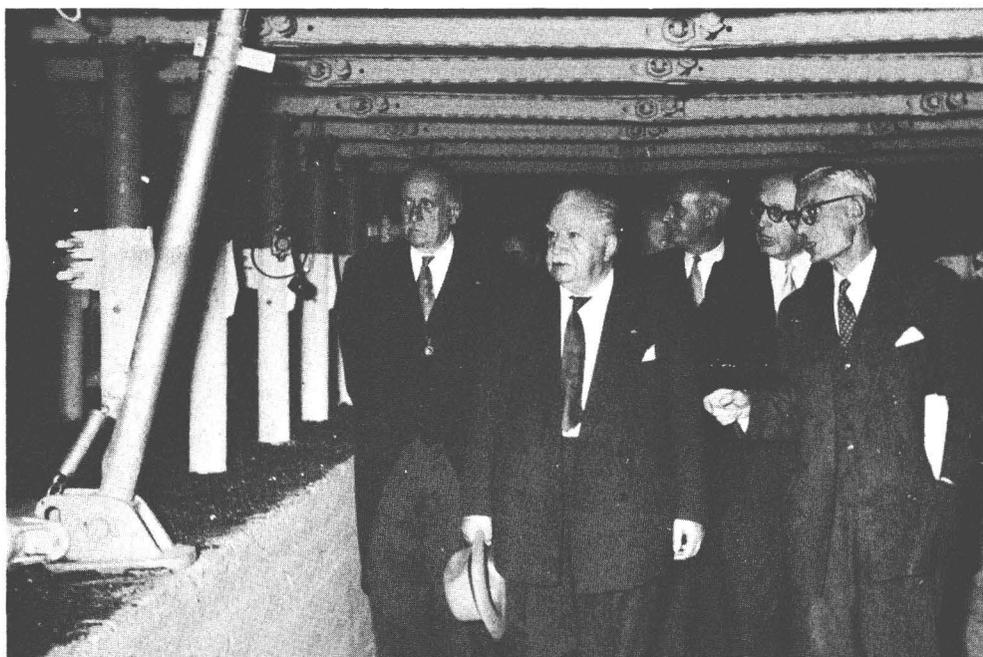
	Sold outright	Rented
Belgium (first program)	30%	70%
France (first program)	70%	30%
Germany (first program)	50%	50%
Netherlands (second program)	—	100%



Through the World Gate, close by the Hall of World Co-operation, the visitor to the Brussels Fair comes to the European Community Pavilion. Suspended by six 95 foot-high steel arches, the glass and steel structure is among the largest at the Fair, containing more than 89,000 square feet of floor space and dwarfing the other exhibits in the international organizations section.

The Community at the Brussels Fair

A special feature of the Community Pavilion is an operating coal mine. Twenty-three feet below ground level, the mine includes a completely functional firedamp control post, haulage trains, mine cars, a steel apron conveyor and a new safeguard against explosions, a television observation system. High Authority President Paul Finet (shown to the far right) escorts Foreign Minister Joseph Bech of Luxembourg and other European officials through the mine during a recent visit to the Brussels Fair.



Europe Celebrates Eighth Anniversary of Schuman Declaration

On May 9, 1958, the three European Communities together with political leaders from the six Community countries celebrated the eighth anniversary of the Schuman Declaration which gave rise to the European Coal and Steel Community, the first step in European economic integration. It was eight years earlier that M. Robert Schuman, then French Foreign Minister, put forward his revolutionary proposal "to place the entire French and German coal and steel industry under a common High Authority in an organization open to the other countries of Europe." This was the beginning of what later became the six-country common market in coal and steel, now to be extended, in the European Economic Community, to a Common Market for all goods.

To mark the occasion, M. Schuman, now President of the European Parliamentary Assembly, addressed Europeans gathered in the Community Pavilion at the Brussels exhibition. He said: "The European Coal and Steel Community is today celebrating its origin and the work it has accomplished. It was this Community which broke entirely new ground by establishing objectives never previously imagined, and by employing completely new methods. . . . The Community was shaped by its first President, Jean Monnet, and by those who joined with him and succeeded him. Together, they undertook the daring task of building a supranational Community.

"That was a revolutionary conception—or at least was revolutionary at that time. Today, it has become much less so. After three years of experience—experience which had become conclusive—the governments planned its expansion. That was the moment when Paul-Henri Spaak and (his) colleagues . . . boldly enlarged the concept of the coal-steel common market and applied it to the whole economy of the six countries and more particularly to the peaceful uses of atomic energy."

A European Evening

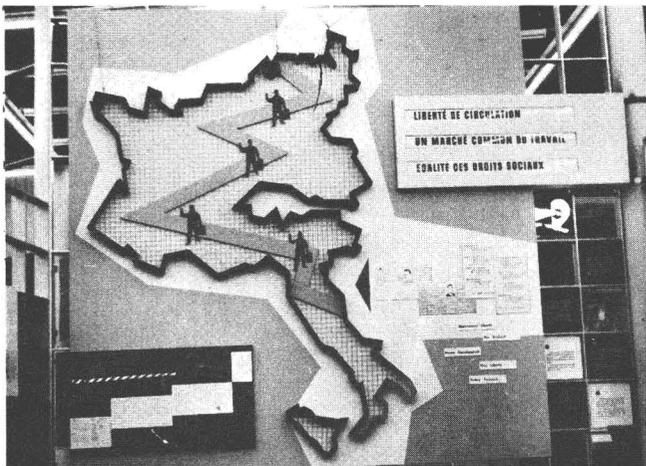
The day concluded with a "European Evening" in the vast Grand Auditorium of the exhibition. The program included performances by the band of the "Emma" state mine at Treebeek, in the Netherlands, of the "hymn of the United States of Europe," composed by M. Michel Roberti, and dedicated to the builders of United Europe. This was followed by the mime play "Hotel Europa" performed by the Nederlandse Pantomime Stichting under the direction of Jan Bronk, and the world premiere of "Europe," a short color film in cinemascope.

Italian Wins European Quiz

The evening concluded with the final round in a European television quiz, "What Do You Know About Europe?", presented simultaneously over the television networks of the six countries by Eurovision. The winners of the quiz were the Italian and French finalists, Signorina Benati and M. Abraham, with 45 points each. But the prize worth 250,000 Bfr. went to Signorina Benati whose answers were given in the shorter time.



Fair crowds have been attracted by displays showing the progress made in social planning during the coal-steel community's five year transition period. This exhibit traces the accomplishments of the High Authority's first and second housing programs.



European unity, the Common Market: a new opportunity for European workers. The display points to the labor mobility being introduced on an economy-wide basis in the Six Nation area under the European Economic Community

European Community's Economic and Social Committee Meets

The newly-constituted Economic and Social Committee of the European Community held its first plenary session in the Belgian Senate in Brussels on May 19. The formal morning session of the Committee was opened by M. Victor Larock, Belgian Minister of Foreign Affairs and current Chairman of the Economic Community's Council of Ministers.

Assigned an important role in the development of the Common Market and Euratom, the Economic and Social Committee is the medium by which all economic groups are given representation in the administration of the EEC and the Atomic Energy Community. The Treaty specifies that spokesmen for industry, agriculture, transport, labor, merchants, craftsmen, the professions, and the general public are to be included among the 101 members. They serve in an advisory capacity to the Commissions and Council. Membership from each of the six nations is: Belgium, 12; West Germany, 24; France, 24; Italy, 24; Luxembourg, 5, and Netherlands, 12.

In his opening remarks, M. Larock stressed the significance of the Committee and of its future role. It is responsible at once to all of the Community institutions; among the problems confronting the Community upon which it must be consulted are the critical tasks of working out and putting into effect a common agricultural policy,

administering rules of competition, and abolishing barriers to trade and the free movement of labor.

M. Larock also underlined the difficulty which the Ministers had experienced in allocating the seats in the Committee, but believed that they had carried out the instructions of the European Parliamentary Assembly concerning equal representation of employers' and workers' organizations.

President of the Economic Commission Walter Hallstein, after declaring that the vote of the Committee would be an essential element in the Commission's deliberations, declared that the Community was the largest trading power in the world; it could become its greatest producing power also, and it already constituted a political unit of growing importance.

Main feature of the first working session, held in the afternoon, was a vigorous protest from the trade-union representatives that they had in fact been accorded only one-third, and not one-half, of the seats, except in the case of the Netherlands and Belgium. Herr Ludwig Rosenberg, representing the Free Trade Unions (ICFTU), warned the Governments that continuation of their "anti-union policy" would lead to serious conflicts and could alienate the trade unions, which hitherto have been in the vanguard of the forces for European unity.

High Authority Approves Major Research Projects

Since the beginning of May the High Authority has approved contributions totalling nearly \$10 million to six major research programs for coal and steel. All six proposals have been approved by the Consultative Committee and now require only the approval of the Council of Ministers.

The six projects are as follows:

1. Joint project by Charbonnages de France and the German Steinkohlenbergbauverein to construct a fully mechanized universal tunneling machine for coal mines, capable of cutting underground roadways through all types of coal-bearing geological formations, including the hardest rock, without drilling or explosive charges. The machine would load mechanically and continuously the material it cuts down.
Total cost: \$1 million.
High Authority contribution: \$850,000.
2. Project by Bureau des Mines de la France d'Outremer for iron ore and manganese prospecting in French West Africa (French Guinea, Ivory Coast, Dahomey, Sudan, and Camerons).
Total cost: \$10 million over 15 years.
High Authority contribution: \$5 million.
3. Joint project by Belgian Coal Federation (Fedechar) and Charbonnages de France for research on the phenomenon of instantaneous escape of firedamp in mines.
Total cost: \$545,900 over three years.
High Authority contribution: \$545,900.
4. Joint project by the Steinkohlenbergbauverein (Germany), Fedechar (Belgium), Charbonnages de France and the Dutch mines for research on the effects of ground pressures in underground workings.
Total cost: \$1.7 million over five years.
High Authority contribution: \$1.7 million.
5. Project by German organizations for research on the suppression of brown smoke emitted by steel converters.
Total cost: \$830,000.
High Authority contribution: \$475,000.
6. Three projects for direct reduction of iron ore, involving a total High Authority contribution of \$1.2 million. The projects are:
 - a. Project by Finsider (Italy) using shaft furnace.
Total cost: \$1.25 million.
High Authority contribution: \$1 million.
 - b. Project by Verein Deutscher Eisenhuettenleute using revolving furnace.
Total cost: \$150,000.
High Authority contribution: \$120,000.
 - c. Project by Centre National de Recherches Metallurgiques (Belgium) using revolving furnace.
Total cost: \$100,000.
High Authority contribution: \$80,000.

Plans for a European University

The Council of Ministers on May 21 agreed to appoint a special Committee to draw up proposals for a European university. The Committee, which will comprise representatives of the Six Governments and the executives of the three European Communities, will submit a summary report as soon as possible, probably by the beginning of September, and a full report by October 1 on the faculties to be established and the methods by which teachers and students will be selected.

The decision has been taken under Article Eight of the Euratom Treaty which envisages the founding of institutes at university level for the training of specialists in nuclear research. However, various quarters view such an institution of learning on a much broader scale—one which would encompass other academic fields and orient courses of study to the European rather than national level. Thus the university could make a major contribution to the training of scientists, managers, and economists for Europe's developing industries and for the Community's economy as a whole.

Co-ordination of the Community's Economic Surveys

The Community's Council of Ministers has asked the Commission of the European Economic Community and the High Authority of the Coal and Steel Community to find a way of ensuring the co-ordination of work on surveys of economic activity in the Community.

Hitherto, the High Authority, in accordance with the ECSC Treaty, has published quarterly estimates of production, consumption, and foreign trade. These have contained a fairly detailed survey of economic activity in general, on which the estimates were in large part based.

Co-ordination between the two executives will be necessary since, although the Commission is primarily responsible for matters concerning general economic development, the High Authority will still require data on the general economic situation in order to make its estimates for coal and steel.

Readaptation in Italy:

Ministers Approve High Authority Projects

The High Authority and the Italian Government have signed an agreement for readaptation of up to 500 Italian steelworkers. Signature of the agreement followed immediately after the approval of the High Authority's plan by the Council of Ministers on April 29.

Although the agreement covers a ceiling of 500 workers, only 400 actually have been dismissed or are about to be dismissed by the firms in question (Safim of Milan, ILSSA-Viola of Ponte San Martino, Metallurgica Bresciana and Italgisa of Bagnolo Mella).

The workers will receive tide-over allowances on a de-

scending scale for a period of up to 15 months; removal and reinstallation allowances where necessary; and free vocational training where required for a new job. Charges will be borne equally by the Italian Government and the High Authority.

The French Government has also asked the High Authority to institute readaptation aid for a total of 174 miners who are due to be dismissed at two pits of the nationalized Charbonnages de France.

Community Countries' Memorandum to GATT

The six Community countries have submitted to GATT a memorandum on the Common Market and its relations with third countries and notably with the countries of Latin America. This memorandum, together with the whole complex of problems concerning the relations of the Community with its partners in GATT, is being studied at present and will be debated toward the end of this year in the GATT plenary session.

Euratom to Make Inventory of Current Research Programs

The Euratom Commission is drawing up a questionnaire to be sent to all Community organizations and firms undertaking nuclear research. The questionnaire will enable it to draw up the complete inventory of all research projects needed to permit it to carry out its task of co-ordinating and guiding atomic research in the six Community countries.

A special working group, headed by M. Guéron, Director of Research in the Commission, has been set up by the Commission to carry out the task.

High Authority Fixes Levy Rate for 1958-59

The High Authority has decided to maintain the rate of its levy on the value of coal and steel output at an unchanged rate of 0.35 per cent in the financial year 1958-59. Its action was taken following unanimous recommendations from the European Parliamentary Assembly's Investments, Social Affairs, and Budget Committees to the effect that the levy be maintained at an unchanged rate.

The High Authority's receipts from the levy in 1958-59 are estimated at nearly \$24 million, which with other income from interest, fines, etc., will give a total estimated income of \$28.3 million.

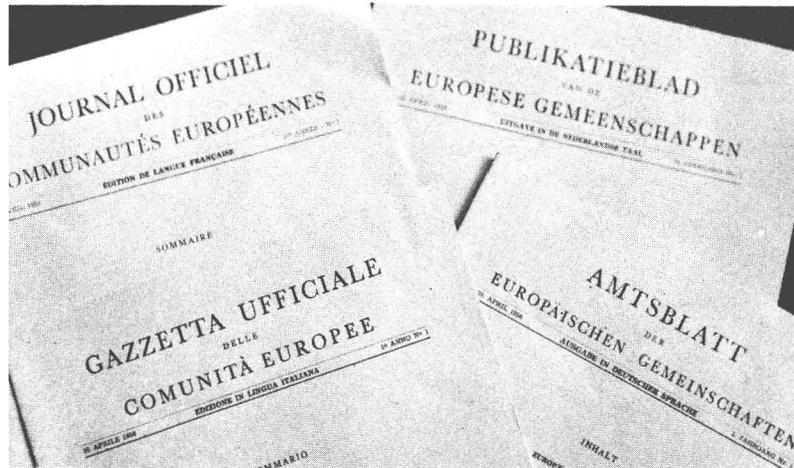
The Socialist members of the Parliamentary Committees gave as a major reason for not reducing the levy the need to maintain as large a reserve as possible for readaptation, in the light of the current slackening of the rate of economic expansion in the Community. (The readaptation fund at the end of 1957 stood at \$26.7 million.)

First Joint Publications for Three Communities

The Official Gazette ("Journal Officiel") of the ECSC has given way to the Official Gazette of all three European Communities. Its first issue in its new form was published on April 20 and was entirely devoted to the European Parliamentary Assembly. Its contents include full lists of

the Assembly's officers, its 13 standing committees, and the three political groups (67 Christian Democrats, 38 Socialists, and 35 Liberals).

The Official Gazette is obtainable by subscription from the Publications Service of the European Community in Luxembourg at an annual rate of 150 Belgian francs. It is published in the four official languages of the Community (French, German, Dutch, and Italian).



A pocket-sized compendium of general statistics for 12 European countries, with comparisons for the United States and the U.S.S.R., has also been published jointly.

Common Market Agricultural Conference at Stresa

The European Economic Commission will take a major step toward development and application of the Common Market Treaty when it convenes the Agricultural Conference envisaged by the Treaty on July 3 in Stresa, Italy.

The conference is expected to last about ten days and will have the task of comparing the agricultural policies of the six member states, in particular by drawing up a statement of their needs and resources. Results will enable the Commission to submit proposals for the common agricultural policy required by the Common Market Treaty. Under the terms of the Treaty, these proposals must be submitted to the Council of Ministers before January 1, 1960.

New Swiss Representative to High Authority

M. Agostino Soldati, Minister plenipotentiary of the Swiss Government, on April 21 presented his credentials to M. Paul Finet, President of the High Authority, as head of the Swiss Delegation to the High Authority.

M. Soldati succeeded M. Gerard Bauer as head of the Swiss Delegation on January 24 of this year.

The Swiss Delegation, one of the nine foreign delegations accredited to the High Authority, was set up in Luxembourg on April 1, 1953.

Production Still Advances in ECSC

Coal and steel production in the six countries of the Community continued to advance during the first four months of 1958, even though in some instances April totals were down slightly from March of this year.

Crude steel output during the first four months of the year climbed to 20,223,000 metric tons, an increase of 2.7 per cent over the January-April 1957 production of 19,689,000 tons.

ECSC production of pig iron and ferro-alloys reached 14,961,000 metric tons against 14,703,000 tons in the same period of 1957. 1958 production was up, thereby, 1.8 per cent.

Community coal production hit 85,354,000 metric tons during the first four months, an increase of 1.03 per cent above the 84,486,000 mined in the first four months of 1957. French output most significantly contributed to the continued advance, rising 3.59 per cent higher than the figure for the same period of 1957.

Community's Rising Coal Stocks

Pithead coal stocks continue to mount in the Community. By April 30 they had risen to 15,130,000 metric tons from 12,381,000 at the end of March; at the end of April, 1957, they were 5,703,000 metric tons. The bulk of the stocks (6,094,000 tons) was held in France which traditionally holds high pithead stocks, but major increases occurred during April in Germany (from 2,668,000 to 4,052,000) and Belgium (from 3,220,000 to 3,905,000).

The level at the end of April was the highest attained since the start of the common market for coal in February, 1953.

SOURCE MATERIAL NOW AVAILABLE

In response to general enquiries the U.S. Information Service of the European Community for Coal and Steel can now provide an unofficial briefing paper on the progress of the ECSC readaptation program. This paper can be obtained without charge by writing to the ECSC Information Office, 220 Southern Building, Washington 5, D. C.

Official Community publications that have recently become available for distribution include:

Address by Dr. Walter Hallstein, President of the Commission of the European Economic Community, to the opening session of the European Parliamentary Assembly, Strasbourg, March 20, 1958 free

The Atom and Europe's Energy Gap, an address by Dr. Rudolf Régul, Deputy Director of the Economics Division of the High Authority, April 16, 1958..... free

Energy Studies, an address by Dr. Rudolf Régul, Deputy Director of the Economics Division of the High Authority, January 9, 1958..... free

Révision du Traité instituant la Communauté Européenne du Charbon et de l'Acier, a report by Gerhard Kreyssig on questions relative to revision of the ECSC Treaty, presented to the Common Assembly in February 1958 \$.60

L'Assemblée Parlementaire dans l'Europe des Six, a report by Pierre Wigny, presented to the Common Assembly in February 1958.....\$1.00

Fontes et Aciers—Prix de Base, March 1958.....\$6.00

Commerce Extérieur de la Communauté, January 1956-March 1957\$2.00

Informations au sujet de la durée du travail dans les industries de la Communauté demandées par la Commission des Affaires Sociales de l'Assemblée Commune, January 1958 free