



Bulletin from the

EUROPEAN COMMUNITY

BELGIUM, FRANCE, GERMAN FEDERAL REPUBLIC, ITALY, LUXEMBOURG, THE NETHERLANDS

INFORMATION SERVICE • 220 Southern Bldg., Washington 5, D. C.

EUROPEAN "MARSHALL PLAN" IS PROPOSED Monnet Committee Blueprints 10-Year Program for Less-Developed Countries

The Commission of the Common Market will consider this year a European Community "Marshall Plan" proposal to launch a long-range economic-aid program for less-developed nations in the free world.

At the May meeting of the Action Committee for the United States of Europe, under the chairmanship of its founder, Jean Monnet, a policy resolution was adopted which contained a proposal for European Community relations with the less-developed countries of the world. It urges a new approach by the European Community to help raise living standards by 25 per cent in the next 10 years in these less-developed countries. The resolution derives from a report drawn up jointly by the Documentation Center of the Action Committee and by Professor Jan Tinbergen of the Netherlands Economic Institute, with the aid of two other distinguished economists: Robert Bowie, Director of the International Affairs Institute of Harvard University and former U.S. Assistant Secretary of State for Policy Planning, and Pierre Mousse, former head of the Economic Studies Division of the then French Ministry for the Overseas Territories.

The Action Committee proposes that the Common Market Commission name a committee of three to examine the contribution the European Community could make to raising living standards in the less-developed countries. The committee of three would decide the amount and the forms of the aid which the Community could provide and the organization which should be charged with carrying out the Community's aims in this field. It would forward its recommendations to the Common Market Commission, which would then draft proposals for a common policy and submit them to the Council of Ministers. The Action Committee suggests three major fields of aid by the Community:

1. Recruitment of scientists and technicians to aid in training administrators and economists needed by the less-developed countries.
2. Cooperation to stabilize the prices of raw materials in world markets.
3. Encouragement to increase the supply of investment funds to the poorest countries.

Such action would stimulate action elsewhere according to the committee which points out that the United States has said it would increase its efforts in less-developed countries if other nations would do the same.

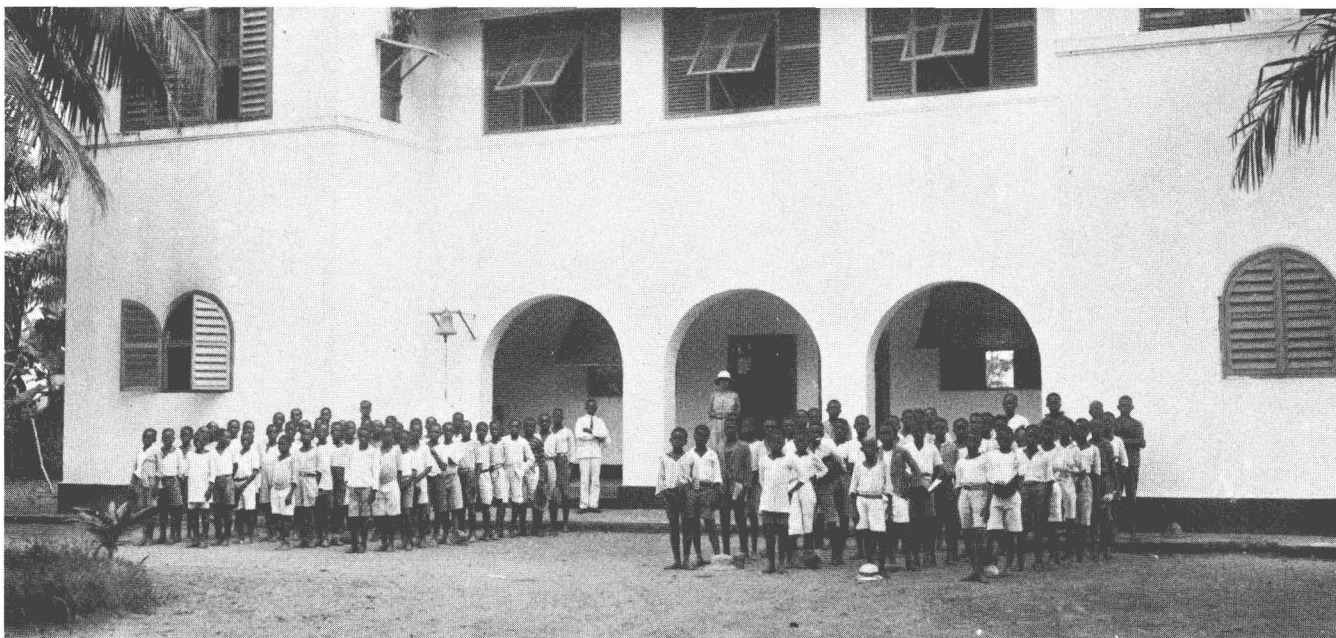
To meet the target of raising income per head by 25 per cent in 10 years, the report estimates that the need for outside capital would amount to \$7.5 billion. This represents roughly one per cent of the total national income of the developed countries.

The report indicates that, though differing considerably from one country to another, local savings amounted in all the less-developed countries to roughly \$7.5 billion in 1957. This was barely enough to keep pace with the in-

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Increase in investment funds to the less-developed countries can help build much-needed schools like this one in Douala, State of the Cameroons. Action Committee recommends boosting living standards 25 per cent in 10 years.

crease in population. Aid from the richer countries of the free world raised this sum by roughly \$3.5 billion, and the Communist bloc, since mid-1955, has been providing an average of \$700 million a year. To raise income per head in the less-developed countries of the world by 25 per cent in 10 years, total investment would have to be brought up to roughly \$15 billion.

Their average income has remained stationary over the last 40 years, owing to a population increase of nearly two per cent each year.

LESS-DEVELOPED COUNTRIES			
(in billions of dollars)	Semi-industrialized ¹	Non-industrialized ²	Total
1. National income 1957	55.1	72.9	128.0
2. Local savings 1957 ³	3.9	3.6	7.5
To maintain income per head at current level:			
3. Savings necessary	3.0	4.4	7.4
4. External aid		0.8	
To increase income per head by 2 per cent a year:			
5. Savings necessary	6.3	8.7	15.0
6. External aid (5 less 2)	2.4	5.1	7.5
To increase income per head by 4 per cent a year:			
7. Savings necessary	9.6	13.1	22.7
8. External aid (7 less 2)	5.7	9.5	15.2

INCOME PER HEAD (in 1953 dollars)			
Region	1952/4	1929	1913
North America	1810	1240	920
Australia and New Zealand	960	680	570
Northern and Northwestern Europe	680	530	450
USSR	540	180	160
Southeastern Europe	290	180	200
Latin America	260	200	170
Near East	140	—	—
Far East	110	110	90
Africa south of Sahara	70	—	—
South and Southeast Asia	60	70	70

¹ Excluding Australia, South Africa

² Excluding New Zealand

³ Rate of saving reckoned at 7 per cent for semi-industrialized countries and 5 per cent for the others.

Source: Netherlands Economic Institute, on basis of UN and IMF statistics.

The Size of the Task

Statistical tables in the report throw light on the magnitude of the task ahead if the well-to-do countries are to help free their fellow human beings in the rest of the world from the burden of chronic poverty. Nearly two billion people live in the less-developed countries—1,250,000,000 of them outside the Communist bloc. “Most of them live as their ancestors lived centuries ago, weakened by disease, frequently unemployed, with an expectation of life of 30 to 50 years—depending on the country—as against an average of 70 years for Europeans. Their average income, including what they produce themselves for their own consumption, is from \$50 to \$100 per head a year—less than one tenth of the \$900 which Europeans enjoy.”

The report shows that Western aid to the less-developed countries has been unequally distributed. Small



Jean Monnet
by
J. Sennep

countries in areas of immediate tension (such as South Korea, Formosa, Indochina, and Jordan) have received large amounts of Western aid, most of it from the United States. The countries of the former French Union have also obtained considerable amounts of aid coming from France. Countries like India and Indonesia, with their massive populations, have received relatively little, although recently the United States has increased its help to India, Indonesia, and Brazil.

The Role of the New Europe

With the start of the Common Market, the European Community is entering a new era. It is already the second industrial producer in the world with a production level higher than that of the Soviet Union. It is the biggest customer and the main supplier of the less-developed

countries, with the United States and the highly developed countries of the British Commonwealth (Britain and the former dominions—Canada, Australia, New Zealand, and South Africa) in second and third places, respectively. Moreover, the Community is not only the world's biggest importer of goods but also, in the last 10 years, the area whose imports have been expanding most rapidly. For certain products and for the foreign trade of certain less-developed countries, its market is decisive.

Now is the time, the Action Committee believes, for the new Europe, with its rapidly rising living standards and the prospect of plenty for all its citizens in the not-very-distant future, and with its relative abundance of scientists, technicians, and educators, to make a major contribution to the task of aiding the less-developed countries.

GREECE, TURKEY REQUEST ASSOCIATION WITH COMMON MARKET

This fall the Council of Ministers together with the Commission of the European Economic Community will work out details for expanding the size of the Common Market by some 33 million persons through the inclusion of Greece and Turkey as associate members.

A Greek proposal made on June 8 to link itself on an associate basis with the Common Market was accepted by the Council of Ministers on July 25th and a similar Turkish overture on July 31 will be acted upon at a Council session by mid-September.

In accepting Greece's request after only five minutes of discussion, the Council took note of the close economic ties between that country and the six nations of the Community. More than 50 per cent of all Greek exports go to Community countries, and in turn, more than 50 per cent of her imports originate from the Community.

Specific terms of the association with Greece will be worked out during the coming months. The country will not be a full member of the Community but will probably enjoy the benefits of the tariff reductions and investments from the European Investment Bank. Negotiations will also have to be held to determine Greece's relationship to the other two Communities—Euratom and ECSC. Common Market President Walter Hallstein, in recognizing the particular problems posed by the new association, stated that the Greek economic situation is after all "not homogeneous with that of the member countries."

How the Population Will Grow

However, the association of Greece with a population of eight million and Turkey whose population is 25 million would increase the size of the market by 33 million consumers to a total of nearly 220 million—to which must be added the 53 million inhabitants of the overseas countries and territories associated with the Common Market.

Turkey's request for a "favorable opinion on an association with the Common Market" was made in a letter addressed to President Hallstein. The earliest time that this

request can be acted upon will come in September at the next meeting of the Council of Ministers, whose current chairman is Guiseppe Pella, Foreign Minister of Italy. In the meantime, the Commission will be preparing a study to use as a basis for recommendations to the Council. Figures show that 30 per cent of Turkey's exports go to the Community, while 35 per cent of her imports come from the six member nations.

The text of the Council's communiqué of July 25 accepting Greece as an associate of the European Economic Community follows:

"By means of a note dated June 8th, 1959, the Greek Government asked to be associated with the EEC.

"This note emphasizes the close connections, not only economic but also political, which unite Greece with the six countries of the Community. In fact more than 50 per cent of Greek exports go to the Common Market, while 50 per cent of Greece's imports also come from the Common Market. In addition to these commercial and economic connections there is also a long spiritual, social, and political tradition. Greece also occupies an important geographical position for the defense of free Europe.

"In conclusion the Greek Government expressed the hope that the Council of the Community, cognizant of all these reasons, would give a favourable reply to its request.

"During the session the Council held an exchange of views on this request.

"The Council, although it considered that an association with Greece raised a certain number of problems which it would be advisable to solve, after hearing the Commission's opinion, unanimously decided to accept the Greek Government's request favorably.

"With this in view the Council charged the Commission with the task of initiating the first phase of exploratory talks with the Greek Government to decide the ways and means of effecting the envisaged association.

"The Commission will report on the results of these exploratory talks during one of the forthcoming meetings of the Council."

RAPID PROGRESS IN "OUTER SEVEN" NEGOTIATIONS

Bridge to Wider Agreement?

The ministers of the "Outer Seven" countries—Austria, Denmark, Norway, Portugal, Sweden, Switzerland, and the United Kingdom—have agreed to recommend to their governments the establishment of a European Free Trade Association, following a meeting in Stockholm, July 20–21.

The aim of the association is to strengthen the economies of the members by removing barriers on trade in industrial products and to facilitate early new negotiations with the members of the Economic Community and the other countries of the OEEC. Under the present arrangements, a draft convention is to be prepared for another ministerial meeting which is due to take place by October 31. The immediate objective is that the new association should then enter into force in time for a 20-per-cent reduction on tariffs by July 1, 1960, to coincide with the second round of reductions in the Common Market itself.

Special arrangements are to be made for certain agricultural products (on which the United Kingdom and Denmark have already reached agreement), and a separate agreement is to be worked out for fish and other marine products which are of particular interest to Norway. Special arrangements may also be made for Finland whose Minister of Trade explained at Stockholm his country's interest in the proposals and the special problems arising out of Finland's relations with the Soviet Union.

Heathcoat Amory, British Chancellor of the Exchequer, explained in the House of Commons after his return from the meeting that all seven governments were anxious for

renewed negotiations with the Common Market countries. No opportunity would be missed, he added, to resume them once the association had been set up. For the Labor Party, Harold Wilson supported the proposals and noted that this was to be "a common-sense trading agreement on OEEC lines without being subjected to too much supranational authority."

Comment in the British press on the proposals has been generally favorable, with the exception of the right-wing *Daily Express* which has attacked it vigorously on the grounds that the price paid for Danish participation will weaken Commonwealth trade and hurt British farmers. It has, however, been recognized as "a second best," and as only a step to a wider agreement with the Community. This is believed necessary to avoid a split in Western Europe.

While the West German press has also been largely favorable, some French commentators have expressed doubts on whether or not the association will in fact prove to be a bridge between the two sides. Writing in *Le Figaro* on July 24, Raymond Aron said that the proposed association was "as far removed as possible" from a formula which would be acceptable to the Six and France in particular, and Pierre Drouin a few days earlier, writing in *Le Monde*, also cast doubts on the prospects for a wider agreement as long as Great Britain at the head of the Outer Seven made no sign of moving closer to the ideas for a multilateral association being worked out by the Community in Brussels.

NEW HIGH AUTHORITY NAMED

A new High Authority takes up its duties on September 15 following the completion of membership appointments to the nine-man executive of the European Coal and Steel Community.

Two new members were appointed by the Foreign Ministers of the Six on July 25, Piero Malvestiti (Italian) and Pierre-Olivier Lapie (French). A third member, Fritz Hellwig (German), was appointed on September 3.

Appointments to the ECSC executive were completed September 4 when, in accordance with Article 10 of the Coal and Steel Community's Treaty, the eight appointed members elected the ninth. Chosen by unanimous vote was the High Authority's current President, Paul Finet, who has been the body's co-opted member since 1952. M. Finet had declared last June that he would not be a candidate again for the High Authority's presidency.

Five incumbent High Authority members were re-named to the executive body by their respective member governments: Dirk Spierenburg (Dutch) and Albert Coppé (Belgian), vice presidents in the outgoing administration,

and Heinz Potthoff (German), Roger Reynaud (French), and Albert Wehrer (Luxemburgian).

The three members of the High Authority have all served as members of parliament in their own countries. Sig. Malvestiti, who is presently a Vice President of the Commission of the European Economic Community, entered the Italian Parliament in 1946 and subsequently held a variety of ministerial posts including those of Minister of Transport and of Commerce and Industry. Born in 1899 in Apiro, in the northern Italian province of Macerata, Sig. Malvestiti served in the Italian army in World War I. He was condemned to five years imprisonment in 1933 for his anti-fascist activities and during the second World War acted as an organizer in the Italian resistance movement. He is the author of a number of works on economics and political science. Sig. Malvestiti, a Christian Democrat, replaces the retiring Italian member of the High Authority, Enzo Giacchero.

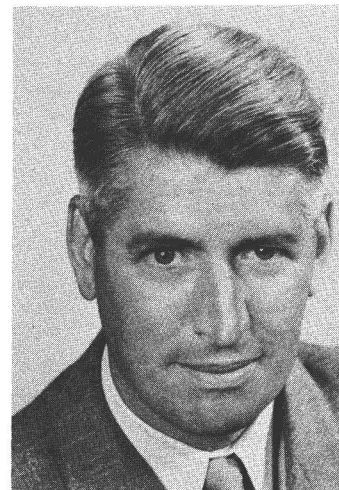
M. Lapie, a former member of the French National Assembly, also served as a member of the Common Assem-

bly of the ECSC and of the European Parliament. Born in Brittany in 1901, he entered the National Assembly in 1936 and later became governor of Chad in French Equatorial Africa. During the war, M. Lapie joined DeGaulle's free French forces and served in 1943 and 1944 as a member of the Consultative Assembly in Algiers and then in Paris. In the immediate postwar years, he served as Secretary of State for Foreign Affairs and Minister of National Education. M. Lapie also was a member of the French delegation to the United Nations in 1951. A Social Democrat, M. Lapie replaces retiring High Authority member, Léon Daum.

The most recently appointed new member to the High Authority, Herr Hellwig, has served as a member of the Bundestag since 1953, as a delegate to the Consultative Assembly of the Council of Europe from 1953 to 1956, and as a member of the European Community's Parliament from February, 1959. Born in Saarbruecken in 1912, Herr Hellwig's background is as an economist, official of German industry organizations and an active worker in the Christian Democratic party. He was connected with the iron and steel industry of Germany before the war, conscripted into the German army in 1943, taken prisoner at the end of 1943 and remained in captivity until 1947. Herr Hellwig, a Christian Democrat, takes the seat left vacant last March by the death of Germany's Franz Bluecher.



Sig. Malvestiti



Herr Hellwig



M. Lapie

New High Authority Members

EURATOM ESTABLISHES RESEARCH CENTER IN ITALY

The Euratom Commission and the Italian Government signed an agreement July 22 for the establishment at Ispra, Italy, of a major section of the European Atomic Energy Community's joint nuclear research center. Ispra, on Lake Maggiore in Northern Italy, is the site of the laboratories of Italy's National Committee for Nuclear Research, which were inaugurated last spring. Under terms of the agreement, title to the research center will be turned over to Euratom on a 99-year-lease basis.

The pact between the Italian Republic and Euratom marks a major step by the Euratom executive branch to comply with Article 8 of the treaty calling for the creation of a European nuclear research center at one or several locations within the Community. Euratom's first research center is already in operation at Mol, Belgium. Negotiations are in progress with the Federal Republic of Germany and the Netherlands to establish other research centers at Karlsruhe, Federal Republic, and at Petten (near Amsterdam) in the Netherlands. Each center will concentrate upon particular fields of research.

A Scientific and Technical Committee made up of 20 eminent European scientists and industry representatives from Community nations is responsible for advising the Euratom Commission on the main lines of the research program to be conducted at Ispra and at other joint research centers.

Under the agreement, the Italian Government will spend up to \$9 million for construction of buildings, housing and

a European primary and secondary school similar to those already in existence in Luxembourg and Brussels. The Euratom Commission will spend up to \$24 million on facilities, scientific equipment, and some new construction. It has also budgeted \$15 million for operating expenses until the end of 1962.

Responsibility for the Ispra center will be transferred to Euratom over a so-called "transition period" during which Italian studies already in progress will be given top priority. Ispra's test reactor now in operation is a heavy-water-moderated 5,000-kw installation of the "CP-5" type. The program currently under way by Italy's National Committee for Nuclear Research includes studies primarily concerned with neutron and solid state physics, reactor performance measurement and metallurgy.

The Euratom program will concentrate on documentation and information standardization, specialist training, power reactor technology, instrument research, the chemistry of raw and processed materials, and reactor chemistry.

Approximately 1,200 scientists from the six Euratom nations are expected to be working at the Ispra center by the end of 1962. By that time, the total personnel capacity of the center (including scientists working on Italy's programs) will have risen to 1,500. The development of the research laboratories as a Euratom center after 1962 will be determined by the availability of funds allocated to the Community for the second five-year period.



Acting Secretary of State C. Douglas Dillon was first to greet Presidents Hallstein, Hirsch and Finet on their red-carpeted arrival in Washington the morning of June 9.



President Eisenhower told the Three Presidents, shown here in the Executive Office Building, that the United States will continue to support the objectives of the European group (center) is Ambassador W. Walton Butterworth, Chief of the U.S. Mission to the EEC.

THE THREE PRESIDENTS VISIT THE U.S.

The three Presidents of the European Community paid their first official joint visit to the United States when they were the guests of President Eisenhower June 9 to 12. During their three-day stay in Washington, they had an hour-long conference at the White House and met with various members of the Cabinet and leaders of Congress.

Following the official visit, the Presidents toured other parts of the country, notably New York and Chicago, and paid an official visit to the Canadian Government in Ottawa before returning to Brussels and Luxembourg the end of the month.

The visit emphasized the unity of purpose of the six nations in working toward economic and political unification and the mutual cooperation of the three executive

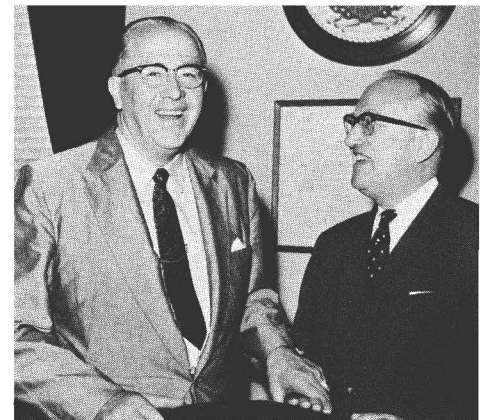
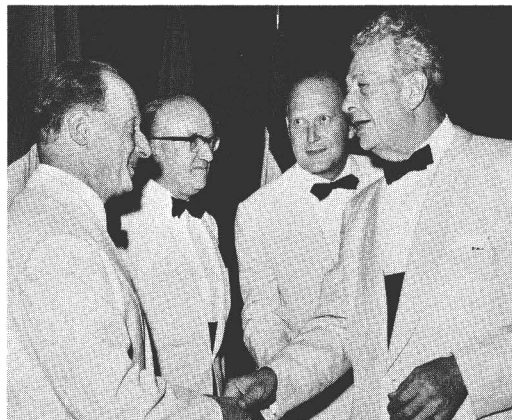
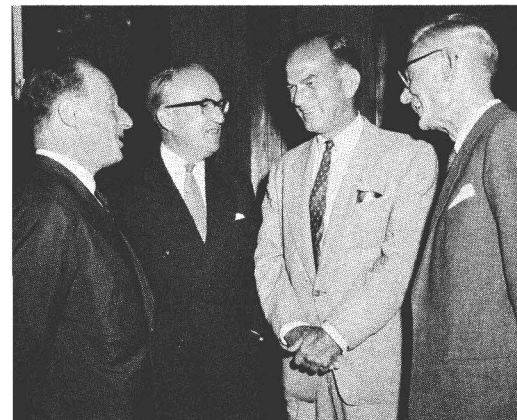
branches in striving for this goal. EEC President Walter Hallstein said, after meeting with President Eisenhower June 10: "Our visit here symbolizes how we understand our responsibilities (for) good relations with the rest of the world and the closest possible cooperation with the United States."

In addition to holding discussions with government leaders, President Hallstein, Euratom President Etienne Hirsch, and ECSC President Paul Finet also appeared on nationwide television, made radio broadcasts, and addressed various groups including the National Press Club, the Overseas Press Club, leaders of the AFL-CIO, and a luncheon sponsored by the American Committee on United Europe.

Senator J. William Fulbright, chairman of the Foreign Relations Committee (second from right) hosted a Capitol Hill luncheon June 10.

Senator Everett Dirksen and President Hirsch flanked President Hallstein and Acting Secretary Dillon at a dinner given by the six ambassadors.

The third day, the Presidents met with various government leaders. Professor Hallstein talked with Secretary of Agriculture Ezra Taft Benson while . . .

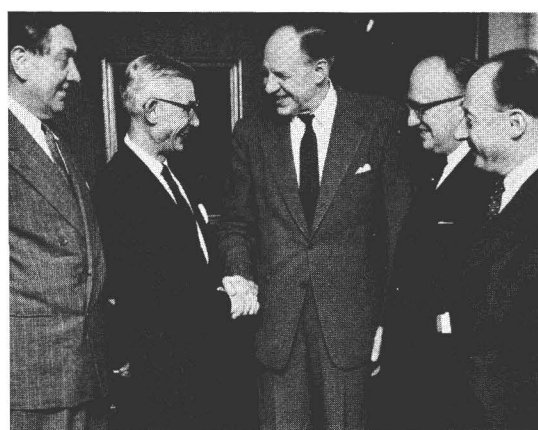




ing of the White House, that
munity. In the Presidential
sion to the Community.



The European leaders generated extensive press coverage during their official visit. With Ambassador Butterworth (left), Presidents Finet, Hallstein and Hirsch spoke before television and news-reel cameras following their meeting with President Eisenhower on the second day.



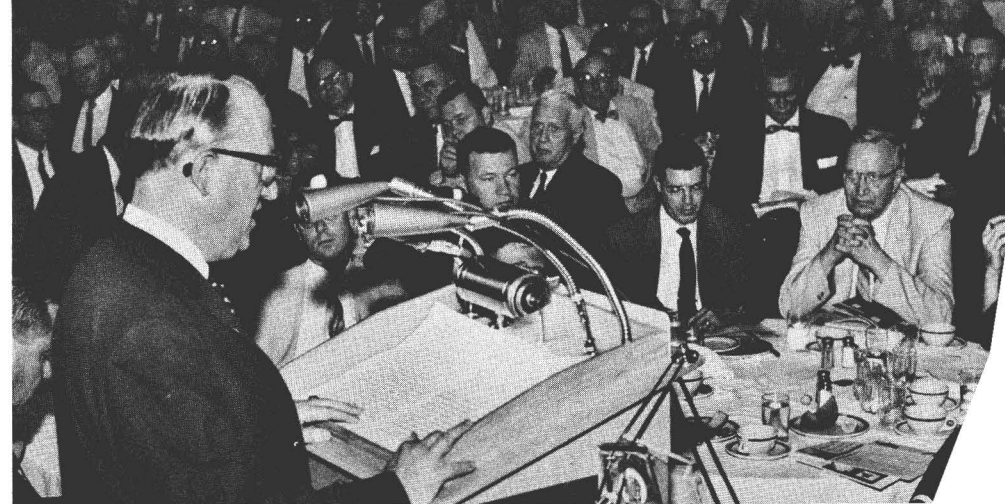
historic visit ended with a farewell call at the
partment of State June 12: Ambassador Butter-
th, President Finet, Under Secretary of State
vert Murphy, Presidents Hallstein and Hirsch.



At the AFL-CIO luncheon June 12 (left to right): Secretary-Treasurer William F. Schnitzler, Presidents Finet, Hallstein and Hirsch, George M. Harrison, president of the Brotherhood of Railway Clerks and chairman of the AFL-CIO Committee on International Affairs, William C. Doherty, president of the National Association of Letter Carriers.

Mr. Hirsch, shown here with Atomic Energy
Commissioner John F. Floberg, discussed the
peaceful development of nuclear resources with
AEC and Congressional leaders.

President Hallstein told National Press Club members that the European Com-
munity was "already a political community in the making." Presidents Hirsch
and Finet also addressed the luncheon gathering of 350.



COMMUNIQUE ON THE PRESIDENTS' VISIT

The official text of the joint communiqué issued by the Commissions of the EEC, Euratom and ECSC and by the U. S. Department of State follows:

1. Dr. Walter Hallstein, President of the Commission of the European Economic Community, M. Étienne Hirsch, President of the Commission of the European Atomic Energy Community, and M. Paul Finet, President of the High Authority of the European Coal and Steel Community, today concluded an official visit to Washington.

2. During their visit, the three executives of the European Communities called jointly on the President, and on the Acting Secretary of State, the Secretary of Commerce and the Secretary of the Treasury. They called individually on the Secretary of Agriculture, the Acting Secretary of the Interior and the Acting Secretary of Labor, and on members of the Atomic Energy Commission. They also met informally with members of the Senate Committee on Foreign Relations, the House Committee on Foreign Affairs, the House Ways and Means Committee and the Joint Congressional Committee on Atomic Energy. Discussions during the past several days reflected the close identity of view which prevails between the United States and the European Communities on matters of common concern.

3. Dr. Hallstein, M. Hirsch and M. Finet, on behalf of the European Communities, took this occasion to express to the President their appreciation and gratitude for the consistent support and sympathetic interest the United States has always shown toward the European integration movement. The President stated that the United States continues to support the objectives of the European Communities because of the significant promise they hold for enhancing the strength and well-being not only of Europe but of the entire Free World.

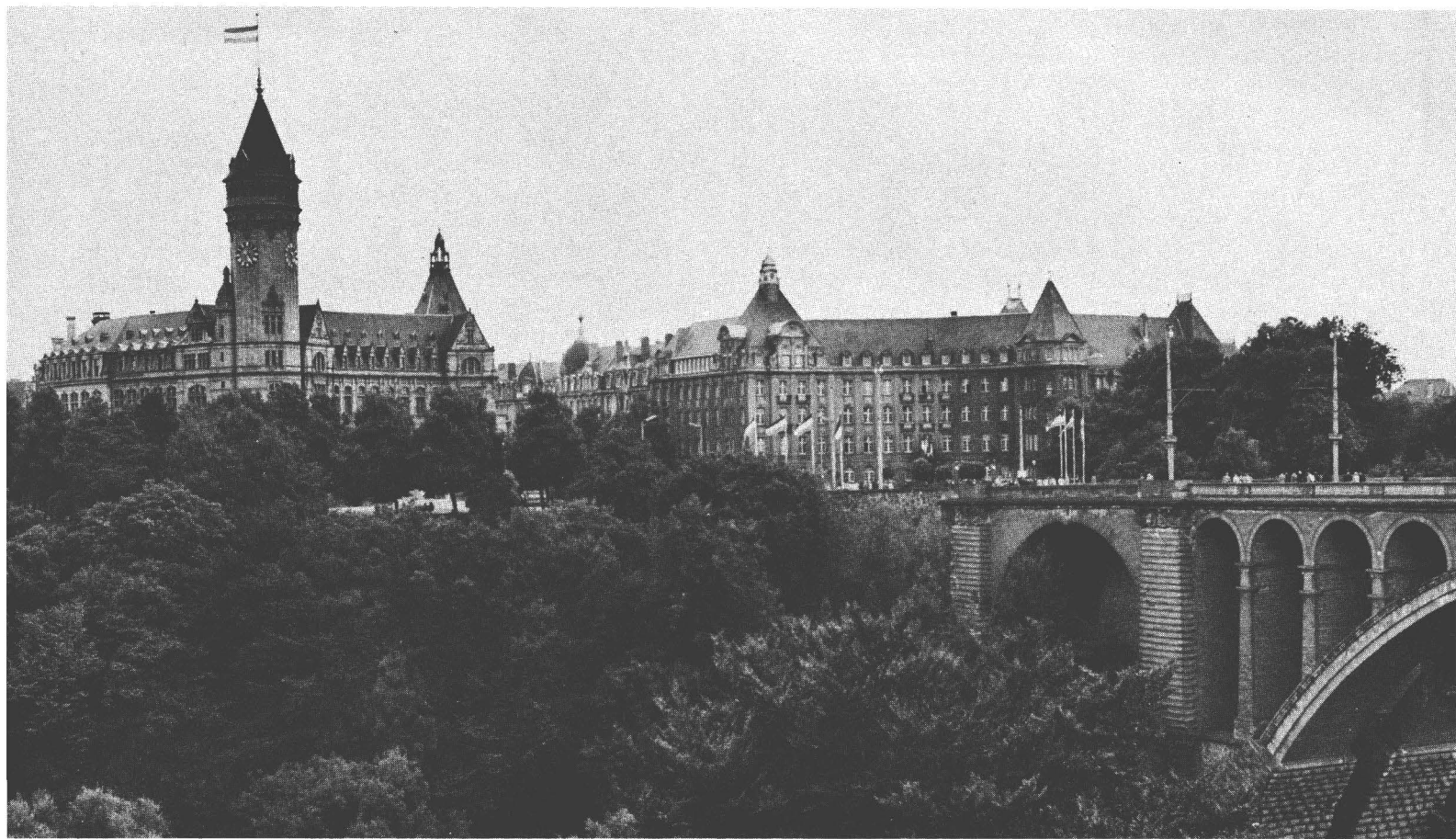
4. The three Presidents reviewed with the Acting Secretary of State and other interested United States officials the substantial progress made thus far in the movement toward economic integration and closer unity among the six Member States: Belgium, the Federal Republic of Germany, France, Italy, Luxembourg, and the Netherlands. They expressed the determination of the European Communities to continue to strive for that goal in close association with the other nations and institutions of free Europe and of the Atlantic Community. They further referred to the vital importance of cooperative relations between the industrially developed nations and the less-developed areas in Africa and elsewhere, and expressed the hope that increasingly the European Community will participate in assistance to these areas. The Acting Secretary of State welcomed these statements. He pointed to the widespread interest in this country in the efforts of the Communities to bring about European unity, to build a great, single market among the six Member States and to contribute to international trade and development. He noted with satisfaction the close relations which have been established between the United States and the European Communities.

5. The three Presidents emphasized the resolution of the European Communities to help bring about social, economic, and scientific progress in the Member States, and to work jointly with other nations for the creation of a liberal, multilateral world trading system, based on the principles embodied in the Articles of Agreement of the International Monetary Fund and the General Agreement on Tariffs and Trade. In this connection, the Acting Secretary of State and Dr. Hallstein welcomed the recent decision of the Contracting Parties to the General Agreement to accept the United States proposal for new reciprocal tariff negotiations to begin in 1960. Both sides were agreed on the importance of the forthcoming tariff negotiations as part of the continuing movement for freer world trade and on the necessity to exert every effort through these negotiations to bring about a further general lowering of trade barriers. The Acting Secretary of State reaffirmed the continuing interest of the United States in further progress toward the elimination of discriminatory trade restrictions on the part of European countries.

6. The Presidents pointed to the joint U.S.-Euratom nuclear power program as an example of the close collaboration between two of the major scientific and technical communities of the world for the benefit not only of these areas immediately concerned but also for the areas of the world which lack the resources to mount such programs. M. Hirsch reported on the status of this program. He was assured by the United States Government of its continued support and cooperation with a view to insuring the success of this important program for peaceful development of nuclear resources.

7. M. Finet reviewed the development of the European Coal and Steel Community including the present coal situation and noted that the outlook for the immediate future was a continued surplus of European coal. United States representatives expressed concern that certain Community countries had adopted restrictive import measures adversely affecting United States coal exports and urged early removal of these restrictions. M. Finet assured United States representatives that the High Authority is pressing for the removal of restrictions as soon as circumstances permit.

8. The Presidents and the Acting Secretary of State explored the question of establishment in the United States of permanent representation by the European Communities, on a basis comparable to the United States Mission to the European Communities, and the view was expressed that this would facilitate relations between the two parties and would be mutually advantageous. The Acting Secretary of State noted that certain administrative and legislative actions would be necessary on the United States side to enable establishment of such representation should the Communities decide to propose it.



Since 1952, Community has maintained its headquarters on Place de Metz, Luxembourg

THE COAL AND STEEL COMMUNITY IN PERSPECTIVE

by WILLIAM DIEBOLD, JR.

To have survived may have been accomplishment enough for the Abbé Sieyès during the French Revolution. Most people would not think this an adequate answer to the question, "What has the Coal and Steel Community done?" And yet it is a significant part of any answer that considers the Community in the perspective of its whole history.

Recall the difficulties. The proposal Robert Schuman made in his historic statement nine years ago was so startling and drastic that many thought it could not have been meant literally. Even when other governments accepted the principles Schuman set out, it seemed likely that the treaty they negotiated would, in familiar fashion, include more escape clauses than firm provisions to carry out

William Diebold is the author of the recent book THE SCHUMAN PLAN, A STUDY IN INTERNATIONAL COOPERATION—1959, published by Frederick A. Praeger for the Council on Foreign Relations, New York. Mr. Diebold is the Council's Director of Economic Studies and author of TRADE AND PAYMENTS IN WESTERN EUROPE, 1952.

When his book appeared in July, we asked him if he would summarize the contents of his book for readers of the Bulletin. The following article is the result. The views presented are Mr. Diebold's and do not necessarily reflect those of the High Authority of the Coal and Steel Community or of other executives of the European Community.

the main idea. When, instead, a strong treaty was drafted, its ratification was not certain; when ratified, its greatest tests still lay ahead. Men were being asked to give life to a crabbed document embodying rules and principles that ran counter to the history of Europe and flouted accepted ideas of private and public interest. Before the step-by-step process of the transitional period was half over, the defeat of the EDC in 1954 shook the assumptions on which the Schuman Plan was based. If governments were not willing to take further steps toward European integration, could the Coal and Steel Community stand alone?

The Primary Accomplishment

The Community has overcome all these obstacles. They have left their marks on it, but the coal and steel pool of today is recognizably the structure that Schuman called for in his first statement. This is the primary accomplishment, the basis for judging the rest of the Community's record.

The difficulties of the last year are evidence enough that the Community has not yet achieved all its aims. The greatest hopes aroused by Schuman's statement remain hopes. But the greatest fears of what the Community might become have also not been realized. The Community has brought important changes, but not the economic revolution or the radically new order in the relation of governments to coal and steel that the treaty seemed to presage.

Economic difficulties, political exigencies, resistance to change by governments, business, labor, and regions have all made for delay, compromise, and partial measures instead of sharp, clear-cut changes. Prosperous times during much of the transitional period made it fairly easy to bring some of the new arrangements into effect but cushioned their impact to the extent of hindering some essential adjustments and concealing some continuing problems. Throughout the early years of the Community, old patterns and practices have persisted along with the introduction of new ones.

Seeing all this, some people have dismissed the Coal and Steel Community as ineffectual and have concluded that it has made no real difference to the life of the six countries. I disagree with this view. While the changes the Community has brought about are limited, they all move in the same direction: toward the creation of a larger economic space, a new structure of public supervision of the coal and steel industries, and dilution of the predominantly national blend of factors that shaped developments in the past. The old forces, private and national, are still at work and are of crucial importance. But because the Community has changed some of the rules and introduced some new factors, the interplay of interests and pressures is in some important respects, different from what it was. For instance, a government has to take more account of the interests of other countries in the Community. Producers have new opportunities but also have to accept some new obligations. The High Authority, the Court, the Parliament are new agencies that influence what is done by both governments and private producers. These changes in setting are an important result of the Community. Their effect is hard to judge because they are changes in the process of economic and political life rather than in specific circumstances. The relation of the forces shifts as the Community evolves and market conditions change.

There are no satisfactory statistical measures of the Community's effect. One gets a full sense of its character, strengths, and weaknesses only through a most detailed examination of the record. However, a survey of a few salient points may sketch the main lines of the Community's mixed record. It is important to remember that transition did not end with the transitional period. As the current difficulties show, the coal and steel pool goes on changing, and with it the record of accomplishments and failures.

Free Trade Is Not All

One of the great innovations promised by the treaty was a common market for coal and steel, with no tariffs, quotas, or other barriers to trade among the six countries. This has been largely achieved. The promise not to restore trade barriers was at least as important as the initial removal. Along with this went a reform of railroad rate practices that burdened international trade. Though trade has expanded, the removal of barriers has not had the drastic effects that many expected. Geography, conservatism, high demand, pressure to assure domestic supplies, the organization of the steel and coal industries, and a certain reluctance to "invade" someone else's preserve have all restrained buyers and sellers from taking full advantage of their new opportunities.

The Community did not simply free trade. It also established new kinds of public supervision over the coal and

steel industries. Prices, investments, concentrations, cartel practices, and the use of subsidies are all subject to some degree of control by the High Authority. The governments retain their powers over a number of matters and their informal influence over others. Sometimes the governments must act in concert through the Council of Ministers or are subject to treaty rules in their national action. At times, the governments have extended economic integration; at other times, they have blocked it. In some matters, notably prices, the mere fact that an issue became a matter for public debate in the Community had an influence on what private producers have done.

In the Community, public supervision of the coal and steel industries is not national or international or supranational; it is all three. Sometimes one, sometimes another set of forces dominates, modified always by the strength of the private interests. Compromises and shifting combinations of forces are more characteristic of the Community than fixed patterns for determining what is done. Among the main factors influencing these shifts are the continuing links of the pooled coal and steel industries with the unpooled aspects of their national economies. These have economic consequences for the producers. In addition, governments feel that to carry out their general economic policies, they must influence prices, investments, and other activities of the coal and steel industries in spite of the limitations set out in the treaty. The result has been a constant pulling and hauling which has done much to shape the Community.

The Most Important Development

The major innovation in the Community's organization was the creation of the supranational High Authority, endowed with certain powers to apply and enforce the treaty. The use of those powers is a key to the character of the Community. While they have sometimes flatly issued orders, the nine men in Luxembourg have more often persuaded and negotiated to get as much agreement as possible before acting. Sometimes the treaty required this, but often the High Authority was guided by its judgment of the best way to work closely with governments and to build a real Community.

It is difficult to change historic patterns and to govern complex industries; the High Authority needed to establish its position, practically and psychologically. It sought to win the confidence of business by consulting, explaining, and finding ways of showing that it was not power-hungry and did not want to substitute supranational bureaucratic control for the judgment of businessmen. All this involved compromise and delay, but probably this made no great difference during the years when expansion was the order of the day. Without diluting its own power, the High Authority worked to win the support of labor by giving union representatives a greater voice in decisions than they had nationally.

Partly as a result of pressure from Jean Monnet, the Parliament came to take a more active role than the treaty had apparently assigned to it. While the importance of its influence remains unclear, the Parliament has steadily pressed for broader integration. Thus, while the High Authority's supranational powers remain real and are sometimes of decisive importance, a large part of what has been done in the Community has been the result of a



Author Diebold presents ECSC President Finet with copy of his book at a meeting in New York

thorough mixture of legal authority, bargaining, consent, and compromise.

New Problems Ahead

Along with all that it has accomplished, the Community has some unfinished business of serious proportions. Good times and other circumstances of the transitional period led the High Authority to follow something very close to a *laissez-faire* policy on investments and industrial concentration. As a result, it has not yet developed standards on these matters that could usefully be applied in different circumstances. With some justification, the High Authority has been able to avoid most of the problems of checking restrictive practices by the steel companies, but this may well be an important issue in the future. The acceptance of a high degree of cartelization in the marketing of Community coal seems inevitable, but the High Authority's ability to regulate and offset the power of the Ruhr coal sales cartels is not yet fully established. (See *Bulletin* No. 35, page 3.)

The strong demand during much of the transitional period sheltered high-cost producers so that adaptation to the requirements of the common market has lagged behind long-run needs. The most striking example is in the coal mines of southern Belgium where international subsidies were not effectively used, and emergency action had to be taken when the market became saturated. Relatively little has been done to establish common rules or policies for trade between the Community and the rest of the world. During most of the transitional period, the resulting problems could be accommodated in one way or another without serious difficulty. But the coal surplus posed the issue directly and the Community—the whole Community, not just the High Authority—has failed to come to grips with it. Other items of unfinished business—including some of those concerning transport rates, the movement of labor, the coordination of national economic policies—can probably be shifted from the agenda of the Coal and Steel Community to that of the European Economic Community where there is a slightly better chance of dealing with them.

Coal presents major continuing problems. Many of the

treaty's general principles have come to seem irrelevant to coal. Politics, national security, and the social and economic rigidities of coal mining make competition, individual pricing by consumers, the elimination of subsidies, and minimum interference by governments and the High Authority the least likely pattern for European coal production. The Community is headed toward a highly managed coal economy. The choice is between measures providing so much protection for coal's "special position" that the European economy suffers and policies that treat coal as a public utility instead of as a public ward. A few years ago when the Community was short of coal, supplies were virtually allocated without bringing into play rules of the treaty. Now, when coal is plentiful, the Community has not yet found a way to cope with the Belgian and German surpluses. France assures a balance by purely national policies and monopoly control of imports from third countries.

Needed: An Over-All Energy Policy

One source of difficulty is the lack of a long-run Community coal policy. This is almost inevitable so long as the six countries lack an energy policy, a matter that is now the focus of great interest in Europe. Only intergovernmental action can produce an energy policy since the issues go beyond the competence of any of the three Communities. But a basis for agreement cannot be found unless the six governments demonstrate a greater solidarity than they are now showing in the Coal and Steel Community. With or without an energy policy, coal problems will continue to plague them. If they can reach fairly fundamental agreement on energy matters, they have a chance of devising a coal policy that serves both economic and political ends. Otherwise, the price of relative tranquility in coal is likely to be high.

There are other points at which the affairs of the Coal and Steel Community intersect those of the newer Communities. From the first, the Schuman Plan was expected to be only one step in a process. As a measure of partial integration, it was expected to throw up problems that could be solved only by further integration. It has produced such problems, but there is little in the new treaties that promises to solve them. Nor can the Common Market treaty be said to strengthen the Schuman Plan treaty at its weakest points. The newer treaty provides for less supranational power than the old and, except in its detailed scheduling of the removal of trade barriers, it has weaker or less precise provisions on many matters. But if one looks at the practice of the Coal and Steel Community instead of at its texts, the differences are less great, at least so far as the distribution of power is concerned.

There is no logical reason why the two treaties have to be brought into close harmony, but in practice the future development of the Coal and Steel Community will probably be much influenced by the pace that is set in the broader community, or at least by the distribution of power that prevails there among national, supranational, and private agencies. But it is not wise to predict very much in the present uncertain state of European integration. For, if there is any general lesson for the new communities to be derived from the experience of the Coal and Steel Community, it is that in international as in national life, constitutions are what they are made to be, not what they are said to be.

Euratom Industrialists Invited to Canada

Atomic Energy of Canada, Ltd., has invited reactor and fuel-element manufacturers from Euratom countries to visit Canada to study the construction of heavy-water reactors. At a special meeting in Brussels July 23, Étienne Hirsch, President of Euratom, transmitted the invitation to some 60 industrialists. The offer followed closely the President's recent visit to the United States and Canada.

The special meeting gave the Euratom Commission an opportunity to outline to the manufacturers the contents of the two draft agreements contemplated between Canada and Euratom. One agreement would establish the legal basis enabling European industrialists to deal freely and directly with Canadian atomic authorities. The other would be a technical agreement between the Commission and Atomic Energy of Canada, Ltd., for a research program centered on a heavy-water reactor.

Common Financial Policy Discussed

Finance ministers of the six member governments held a two-day conference in Bonn July 16 and 17 to discuss ideas for a common financial policy within the Economic Community. Basic matters taken up included analyses of the various national budgets and a comparison of systems of taxation within the member countries. The meeting was called at the invitation of German Finance Minister Franz Eitel.

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