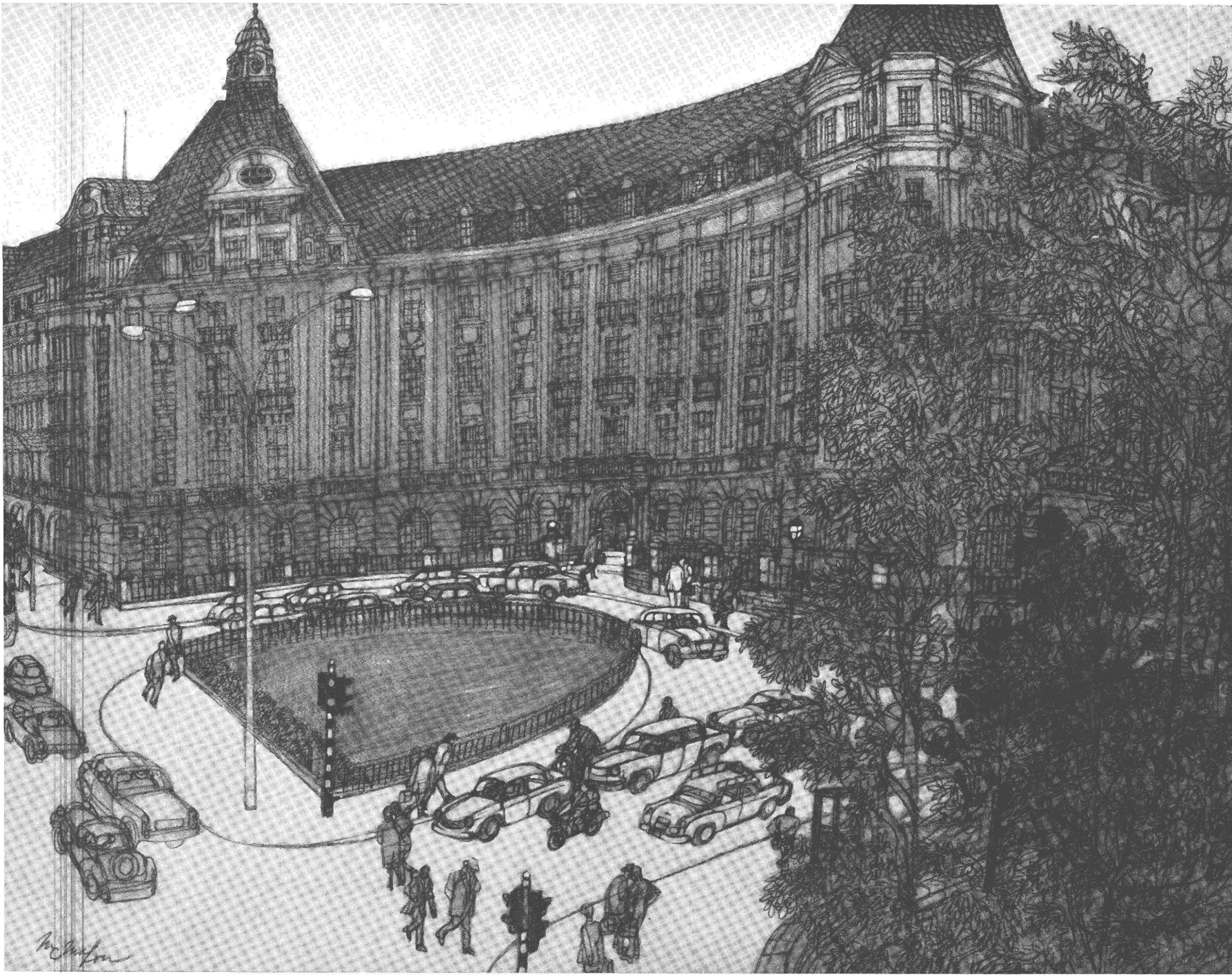


AT 137



TEN YEARS  
OF THE  
**COAL-STEEL**  
COMMON  
MARKET







SEPTENTRIONALIS  
OCEANUS

MYR  
AC



DEUCELEDONIUS

OCEANUS

Circulus Arcticus

OCCIDENTALIS

OCEANUS BRITANNICUS

LIS

OCEANUS

MARE

ATLANTICUM

MARE

MEDITERRANEUM

*Amstelredami  
sumptibus auctoris  
Anno 1631*





**TEN YEARS  
OF THE  
COAL-STEEL  
COMMON  
MARKET**

Published jointly by

THE SPOKESMAN OF THE  
ECSC's HIGH AUTHORITY

and



*European community  
information service*





Robert Schuman

The concept underlying the European Coal and Steel Community is a political one. That concept had been clearly defined even before the official conversations opened — in unofficial correspondence early in 1950 between myself and Chancellor Adenauer. The aim was to be to bring together the different countries of Europe in as comprehensive a community as possible, in order to make war between them impossible. Nationalist passions were to give way to European Community spirit in a union of free and equal countries, safeguarded by mutual control in permanent cooperation.

There were two possible ways of going about this : deductively, on the basis of principles laid down in advance in a single overall plan establishing the Constitution of United Europe, or inductively — “functionally”, to use the current term — acting in specific, limited sectors as part of an experimental, empirical process of gradual extension.

As things then stood, the latter alternative was felt to be the better, and the pooling of those two key products, coal and steel, to be the most readily practicable and at the same time the most politically significant.

Rational organization of joint production of coal and steel in a market of 170 million people, with no tariff walls and no quotas, was to raise the standard of living of the whole population, while reciprocal supervision, democratically exercised by a High Authority, would ensure that neither coal nor steel could be used in any unilateral preparations for aggression.

I need not recall here the course of the negotiations which so speedily culminated in the establishment of ECSC. I leave it to others better qualified than I to retrace the successive stages in the Community's first ten years of existence. But one fact I must point out — that, notwithstanding the various difficulties that have arisen, ECSC has produced results. That it has done so is due in large measure to the quality of the men who have headed it. I take this opportunity of paying tribute to the unshakable faith and eminent ability of my friend Jean Monnet, and of his successors, Presidents René Mayer, Paul Finet and Piero Malvestiti.

The political choice we made in setting up the Coal and Steel Community was not without its hazards. What impelled us was the knowledge of previous failures, the bankruptcy of the old methods. The policy of cooperation is not expression of a starry-eyed idealism : it is solidly based on realistic assessment of the facts. A divided, fragmented Europe is doomed to disaster, not merely because it is placed between two opposing blocs, but also because conditions today — working conditions, production conditions, conditions for safety, for mental activity, and for scientific discovery — are such that isolation and dispersed, piecemeal action are no longer possible.

Today, ten years from the foundation of the Coal and Steel Community, the Community spirit is a self-evident fact. Views may differ, but they differ no longer purely, or even mainly, according to national interest, but according to the interests of European producers generally, European workers generally, European consumers generally — irrespective of nationality. And so we are witnessing a regrouping of interests which is gradually eliminating the poisons from relations between one country and another. I need do no more than point to the reconciliation of France and Germany, which I am convinced could never have come about so successfully had it not been for the framework of European cooperation.

We have progressed, yes, but there is still much to be done. I firmly believe that despite the imponderables, despite the difficulties, a united Europe is inexorably on the way.



Those who are involved in the day-to-day work of building Europe sometimes feel that it is moving too slowly. Yet when one looks back over the ten years that have passed since the first common market — the common market for coal and steel — was set up in the spring of 1953, one realizes the extent of the changes and advances that have taken place. In those days there were only a handful of people who believed firmly that the future of our countries depended on union between them. The reconciliation of France and Germany, made possible by the Schuman proposal of May 9, 1950, was still held up by the problem of the Saar. The resurgent wave of patriotic feeling which the proposal for a European Army was to produce in France was yet to come. Above all, the sceptics were legion. Union between countries who had been divided for so long seemed too radical a change to move out of the realm of Utopian dreams.

Yet today there is hardly anyone left in the Community, or even outside it, who doubts that Europe's future lies in union. The reaction of producers, once they saw the common market was a reality, was an indication of this fundamental change in thinking.

Outside the Community, Great Britain, once the most sceptical of all countries, has realized that to adapt herself to modern conditions, she must reverse her centuries-old policy and go into Europe.

President Kennedy, faced with the prospect of a united Europe, envisages equal partnership between the United States and the nations now uniting in Europe.

Finally, Mr. Khrushchev's reactions to the reality of the new Europe show that our best chance of an eventual settlement between East and West lies in the success of our efforts to unite Europe and draw together the western world.

All these changes began early in 1953 with the establishment of the European Coal and Steel Community.

France and Germany have been reconciled, the Common Market has been set up, politicians, administrators, producers and the man-in-the-street have been won over to the European idea because, ten years ago, the Coal and Steel Community was the first to show that union is a far better basis for action than the old ideal of cooperation.

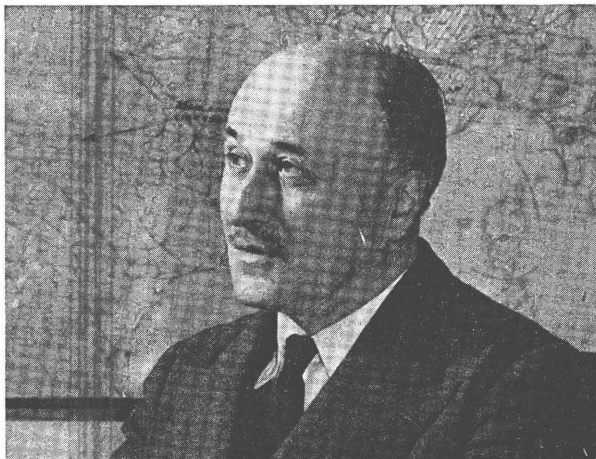
From the very beginning, we all attached the greatest importance to European rules, procedures and institutions designed to ensure that in future member countries would tackle their problems in a Community spirit, and not in the spirit of traditional national rivalries.

Members of the European Parliament, officials of the High Authority, lawyers of the Court, representatives of national Governments in the Council of Ministers, producers' and workers' representatives in the Consultative Committee have all become aware, through their work for these institutions, that new potentialities for their countries had been opened up by the concerted action which served, in the words of M. Schuman's declaration of May 9, 1950, to "create a *de facto* solidarity."

It is no accident that the very countries which were the most apprehensive about competing in the enlarged market have probably made the greatest gains: they have gone ahead, modernized, thrown off their former obsession with protection. The establishment of a Community of 170 million people has given Europeans a sense of hope and opportunity which their earlier divisions denied them.

The European Coal and Steel Community can justly claim to have established a new concept of common action — a new possibility for progress in terms of twentieth century needs — that will benefit a world which, in the past, was largely moulded by European inventiveness.

Ten years ago ECSC set in motion a change in international and human relations which is still playing a vital part in the development of a united Europe. Who knows whether this same approach may not in the future govern relations between men the world over?



Jean Monnet

*Jean Monnet*



To look ten years ahead — particularly in the economic field — has always been a very difficult matter. Economists are not even agreed as to the methods to be employed, and they are at pains to remind us that new technological developments — such as the emergence of new sources of energy — and other factors may at any time invalidate the most careful forecasts. Schumpeter is very definite on the subject, going so far as to assert that economic development, far from proceeding in a regular, orderly manner, is by nature unbalanced and discontinuous, and that disharmony is inherent in the *modus operandi* of the factors of progress.

It might seem easier to look *back* over a ten-year period. But here too a certain wary scepticism is needed — first to avoid seeking at all costs a logical sequence and a crystal-clear consistency in a complex of actions and reactions on the part of men whose origins, mentalities and educational backgrounds differed widely, though they were united in a common aim and a single ideal, and secondly, to avoid falling prey to the pessimism which is rarely the companion of action but frequently goes with thought.

Seen in the perspective of time, the importance of things does not coincide with what the man of action imagined it to be at the moment of action. Indeed it often comes as a surprise to him to see how a “tiny spark” has had unexpected and decisive effects, or to find himself obliged to acknowledge that the great venture into which he threw himself with such energy and enthusiasm was in fact very much less important to the objects he had at heart than he had imagined and hoped.

It is subsequent developments which provide us with the data to weigh up the past accurately; in the final analysis, it is history that with its restless probing ultimately pronounces judgment, dethroning idols and concepts that had seemed everlasting and erecting in their stead the men and things that have truly contributed to the future.

There is however one yardstick which seems to me unexceptional. In contrast to the wreckers of destruction, whose achievements may be debated endlessly and even, out of a depraved admiration for the monstrous and inhuman, called “great”, though morally they stand condemned inescapably and inexorably — in contrast to these, there are some who genuinely concern themselves with *construction*, who are “unarmed prophets”, “men of goodwill”, usually unassuming in appearance and manner, often plain of speech, without overweening ambitions, but illumined by a limpid faith in human progress, a deep-felt, well-pondered, far-sighted faith remote alike from blind optimism and from depressing pessimism.

Of their number, it seems to me, is Robert Schuman — a man who, as Foreign Minister of the French Republic, with a wounded but proud nation behind him, felt that the could not let slip the moment which fate had sent him : he recognized intuitively that the power placed in his hands was in the Biblical sense a “talent” to be used gainfully.

So much has been written about his brief but by now celebrate message of May 9, 1950, that I need not dwell on it further : I simply emphasize its courage, its sense, its timeliness. Fortune was kind to Robert Schuman, or perhaps it would be truer to say that his political calculations were swayed in part, in great part, by the consideration that among those who were to hear him and to decide with him were two other men of the same moral temper and the same political mettle—Konrad Adenauer and Alcide De Gasperi.

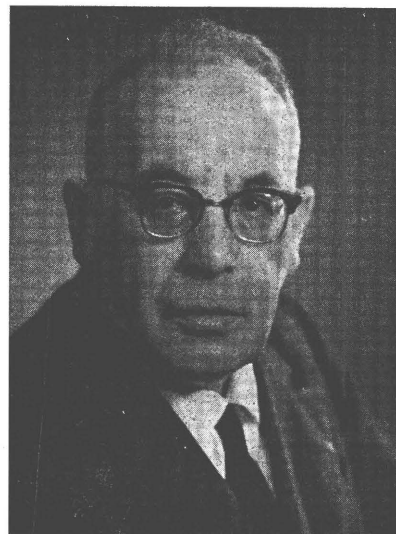
Today, amid all the alarums and excursions of the present, one fact stands out with certainty—that the declaration of May 9, 1950, will always remain one of the milestones in European history, and that nothing short of a blast of collective insanity could now destroy what has since been built up on this foundation. True, the world does not stand still : new ideas, new ferments, new horizons appear, but all of them now point in one direction, and the road back is barred, though had there been no definite goal, retreat might have been possible and troubled minds might have ended up by branching off on to very different paths.

It seems to be a regular feature in history that a wisely judged act should strike an answering chord in the minds and hearts of men and bring about a sudden confluence of energies, which seem to have been waiting for that moment and that act to spring forth. With a few exceptions, the thinking minds of Europe welcomed the establishment of the European Coal and Steel Community.

However, I must leave for a moment the political field, which provided the starting-point and defined the ultimate objective, to that of economic theory and of practical economics.

We must never overlook a solemn warning by Robert Schuman, and I personally feel that political thought has very seldom attained such profound wisdom. Robert Schuman’s experience caused him to be afraid of what would indeed have been the inevitable result of his message—impatience, intolerance of any obstacle, improvisation, over-assurance. His famous declaration contains a warning, an almost regretful warning, that first and foremost “a *de facto* solidarity” must be created; in effect, he warns his hearers that if this is not achieved all else will be built on sand. Sure enough, very shortly afterwards came the fiasco of the European Defence Community which strikingly bore out his words.

Schuman is certainly not, by temperament or by political education, a believer in economic determinism. But he is too wise not to be aware that, while it is true that armed conflicts are produced, in the final analysis, by the clash of opposing wills to power, it would be wrong to claim that the economic motive does not supply, if not the reason, at any rate one of the reasons, and certainly the temptation or the pretext or the occasion, for war.



Piero Malvestiti,  
President of the High Authority



And so he warned : "Europe will not be made all at once, or according to a single general plan : it will be built through concrete achievements, which first create a *de facto* solidarity". In other words, we must resolutely eliminate everything that could give rise to or furnish a pretext for war, and "take action immediately on one limited but decisive point."

We should drop the utopian, impracticable dream of securing European unity by immediate political fusion — which would not, incidentally, be historically motivated as were the processes of unification in Switzerland and the United States. "The pooling of coal and steel production (that of France, Germany and any other countries joining the project) will immediately provide for the setting-up of common bases for economic development, as a first step in the federation of Europe," and "will make it plain that any war between France and Germany becomes not merely unthinkable but materially impossible."

Meanwhile the economic factor had been making its importance felt. Europe had come out of the war exhausted, and it may perhaps be worth recalling just what the conditions were under which the European Governments were having to labour after hostilities had ceased. To take my own country, a representative case : Italy was faced with a terrifying range of unknown quantities, such as the extent of the destruction of property, and in particular of the destruction of plant and equipment; the merchant fleet was no more; the rail, road and dock network was in chaos; practically every bridge in the country was down; there were no stocks of raw materials, no reserves of foodstuffs; the economic system was paralyzed in every limb; the amount of money in circulation was uncontrolled and largely uncontrollable, because it was impossible to calculate with anything approaching accuracy, the amounts of paper money issued by the Governments in power, lawful or otherwise.

But looming over all was that condition common to the whole European economy, to which the great Italian economist Luigi Einaudi had drawn attention from his Swiss exile during the war — the insufficiency of the market. Only in a market of at least 100 million consumers, Einaudi maintained, could there be satisfactory economic development. Clearly, only in a large market, with its more rational division of labour and its greater opportunities for mass production and full utilization of thoroughly up-to-date plant, would it be possible to reduce costs and to set in motion a process of economic expansion comparable to that recorded in the past in the United States of America and now under way in other large economic areas. In short, only a market of continental dimensions could enable Europe to survive.

There were admittedly still schools of thought which claimed, though not very confidently, that given absolute free trade every enterprise, however small, would be able to plan its production on a long-term basis and have the best prospects of competing successfully in the world market, and hence that the large-area economy would not of itself be a stabilizing factor in the world

economy. But much water — too much water — had flowed under the bridges since the days of Smith and Ricardo, of Mill and Marshall.

The doctrine which had been accepted before and during the economic expansion of the nineteenth century was now clearly behind the times. The world which Carlyle summed up as "anarchy plus the constable," and which believed mercantilism to be dead and done with, was within a few decades to reproduce the characteristics of mercantilism, notably in its dominant features as a system of power, a system of protection and a monetary system; while it seemed fair to assume that economic liberalism was opposed to the State, in reality, as Eli F. Heckscher has observed, "liberalism reinforced the State." Such, in many ways, was the effect of liberalism, even though its conscious endeavours were bent in a very different direction.

This is not the place to dwell at length on the dilemma of science, on the fact that actual developments do not always line up with theory. The point is that the State had everywhere become an integral part of the economy. Its rôle in monetary policy, for instance, is incontestable, since there is no other body capable of playing that part — to say nothing of tariff policy, which had finally become the diplomats' nightmare, or of tax policy, which seemed to be based on anything on earth but the dictates of reasoned fiscal thinking, or of all the forms of direct and indirect intervention, which are too numerous to list.

Now the alternatives were simple and dramatic : either a completely free world economy — the classical economists' dream — with all the requisite political, legal and military guarantees, or a Europe in competition with the large economic areas of the world, yet divided and stifled behind its national frontiers. Since the first alternative was obviously utopian, the only possibility remaining was either to accept the existing situation — or to plunge boldly on, turning Europe itself into a single economic area. And that could only mean, in the end, political unity, which is the indispensable condition of economic unity.

This then, was the "revolution" which was set in train by the Schuman Declaration and took concrete shape in the Common Market for coal and steel introduced on February 10, 1953.

Ten years later, it is easier to make an assessment. A first and major innovation was that by setting up the High Authority the Treaty of Paris created a "public economic operator," standing above the fray, detached from any class or national interest, seeking only the common good of Europe.

Yet the "wishful thinking" which André Maréchal was to descry in the Treaty of Rome is present in the Treaty of Paris too. It too takes a stand against cartels and in defence of the principle of competition — perhaps without concerning itself overmuch with certain unknown quantities which economic expansion was, in the event, to



involve, or with the fact that the aim of perfect competition is nowadays regarded by the economists themselves as an unattainable ideal.

A few years later, achievement of the optimum size of production unit was to engender a process of concentration in the steel industry : competition (as might have been foreseen) had become keener not only among the producers of the Six but among producers all over the world, and this had made it all the more necessary to take appropriate practical action — without relying too implicitly on pure theory, since theory is, after all, wrong if consistently belied by the facts — to enable enterprises to find their optimum size.

Thus the coal shortage in 1952 justified recourse to competition to bring prices into line with marginal costs and increase production. But the subsequent glut and the massive irruption of other sources of energy into the market have since raised quite different problems — above all that of discarding rules which some economists still regard, as a famous character of Manzoni's regarded his own ideas, almost as a divine revelation — and with particular fondness for ones which are rather "off beam."

At the same time, the Treaty of Paris is characterized by a courage which, given the economic views held at the time, seems little short of miraculous. In economic policy, it lays down the first directives for a system of programming, in that it requires the High Authority to provide long-term guidance for production. And in the field of social policy it contains the first practical embodiment in legal regulations of the "right to work."

When the President of the Common Market Commission now speaks of programming, he is pointing out an obvious gap in the Rome Treaty. The Treaty of Paris, on the other hand, had already emphasized the need for guidance — at Community level — of the Community's basic industries. Such guidance would naturally be purely indicative: the freedom of the entrepreneur must be safeguarded as an important asset, at any rate up to the point where — for reasons which I shall not go into here but which are not unconnected with the size of firms — it begins to lose its efficiency or to be abused.

The long-term guidance which the High Authority provides — the General Objectives, in the language of the Treaty — is specifically designed to help the entrepreneur in his task, by reducing the margin of uncertainty in economic forecasting. The fact that representatives of all the groups concerned — employers, workers, consumers and dealers — are consulted in the drafting gives the General Objectives a high degree of reliability : they can be compared to lighthouses, which in no way interfere with the navigator's freedom but are of the greatest help to him.

Another major feature of the Treaty of Paris is that it contains precise rules for action to safeguard the earnings of workers who lose their employment as a result either of technological or of structural change. This is an acknowledgment that, whoever is to bear the cost of tech-

nological or economic progress, it must not be the workers. These arrangements in the social field, referred to in the Treaty of Paris as "readaptation of workers," were subsequently incorporated into the Treaty of Rome.

The wisdom and timeliness of the Coal and Steel Treaty's social provisions were abundantly demonstrated when new problems were posed by the coal crisis. If unemployment hits a whole region, the arrangements for safeguarding individual earnings soon prove inadequate : it then becomes necessary to change the economic structure of the region itself, by encouraging the installation of new industries which can absorb the labour laid off from the pits. By helping to safeguard not only income levels but also continuity of employment in the areas affected, the High Authority is helping to safeguard the overall income of the area and hence its purchasing power vis-à-vis the national and the Community economy.

This — it is difficult to overstress the point — is an economic as well as a social question. From Keynes onward, up to Galbraith, economists have been devoting more and more attention to the factor of demand. That there must be steady and increasing pressure of demand on supply, and that the seeds of crisis are present in any national or regional economy where the level of earnings is too far below, or, on the other hand, is on the average above, the level of productivity, or where the level of external demand unduly exceeds the level of internal demand, is now agreed by all perspicacious economists.

Measures to safeguard the pressure of demand, though not specifically imposed by the Treaty, are therefore essential for a public economic authority wishing to avert the effects — rather like those of a multiplier in reverse — which would accompany the economic decline of a whole region.

I have tried in this summary, which is limited by the amount of space available, to bring out the implications — political, economic and social — of the Treaty of Paris in the light of the past ten years. It remains for me to speak of the future — a task always difficult and sometimes dangerous.

The truth is that events in the energy sector have taken an unexpected turn. The Treaty of Paris will undoubtedly have to be adapted to the situation prevailing today.

Europe, formerly to a great extent its own energy producer, is steadily becoming an increasingly large importer of energy. This new situation must be tackled with appropriate instruments of economic policy.

The Treaty is man-made, and no man is infallible or omniscient. But the men who made the Treaty were intelligent men, men of political judgment and creative imagination and economic education, above all men of good will.

Today we face a situation which ten years ago no one could have imagined. For one thing, it

would have been difficult to foresee — though many hoped — that so many other countries would come to take an interest in the Community of the Six : an interest which is a tribute to the success of Robert Schuman's call, but at the same time a source of new problems.

As President of the High Authority, I urge those with whom the final decisions must lie to

the deepest awareness of the irresponsibility. I remind them that there are no national interests which are permanently irreconcilable with the interests of the Community, and that they must act with vision and courage. For we can only be actors or spectators, but our children, tomorrow, will be the judges.

Luxembourg, February 10, 1963.

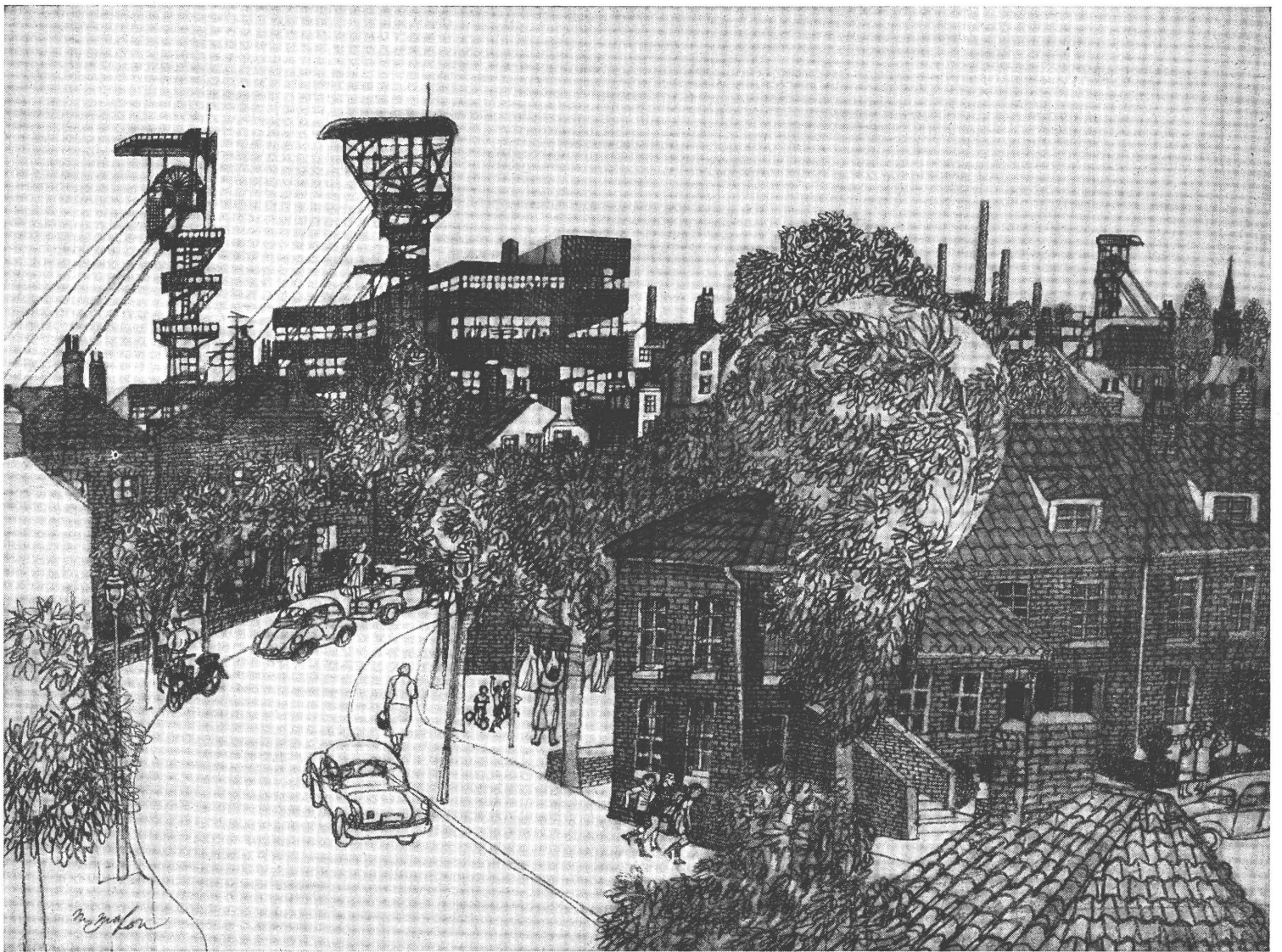
*Piero Malvestiti*

*The present members of the High Authority. Left to right, seated : Albert Coppé (Vice-President), Piero Malvestiti (President), Albert Wehrer, Paul Finet; standing : Karl-Maria Hettlage, Roger Reynaud, Fritz Hellwig, Pierre-Olivier Lapie, Johannes Linthorst Homan.*





**FEBRUARY 10**  
**1953**



Ten years ago, on February 10, 1953, Europe's first common market became a reality, and the first concrete measures to unify Western Europe came into force. The first European Community — the Community for Coal and Steel — moved from the paper-world of treaties and preparatory conferences to become the first truly original creation of the post-war period.

In the late hours of the previous night, following long discussions with the Economics Ministers of the six member States in the Council of Ministers, the High Authority was able to send off to the six capitals the unspectacular announcement that it was assuming the powers granted to it by the ECSC Treaty and previously exercised by the national Governments.

Not until then was the application of the Treaty by which the six countries had set up E.C.S.C. fully assured. The "running-in" period during which the Community institutions were to start work, in consultation with the Governments, producers and trade-unions, had ended on time.

The transition-period provisions of the ECSC Treaty were drawn up in such a way as to enter into force only when the High Authority announced that it was in a position to apply them. "Until such notification the corresponding powers shall continue to be exercised by the member States" (Convention on the transitional provisions). Through this safeguard clause the Governments could in certain circumstances have put off the application of the ECSC Treaty for a considerable time. The successful outcome of

**In shattered post-war Europe**, scenes such as this ruined factory held out little hope for the future. But thanks to speedy American aid, later prolonged and expanded under the Marshall Plan, the Europe of 1950 had already completed the first stage of economic recovery. Progress was still hampered, however, by the dollar shortage, frontier barriers to trade, the uncertain future for Europe in a fast-changing world, and by the possible revival of the old, disastrous and meaningless rivalries. The cold war threatened Europe with even greater dangers. It was at this point that the Schuman Plan brought a new and positive element on to the international scene : the unification of Europe.





**Guarantee for the future.** European integration, given its initial impetus by ECSC, is raising living standards — because a larger market means a bigger output and lower prices. And as Robert Schuman said on May 9, 1950 : “For peace to have a real chance, Europe must first be united.”



the late-night meeting of the six Ministers with the nine members of the High Authority under their President Jean Monnet, on February 9, 1953, thus meant that the last obstacles to full operation of the first European Community had been overcome.

The political significance of these developments lay partly in the supranational nature of the Community's institutions — whose powers extended beyond national frontiers to the six member states — and partly in the hope they held out as the first step on the road to a united Europe. Two neighbours who had hitherto been implacable enemies — France and Germany — had made the first move towards reconciliation and away from a past of conflict and destruction. American generosity, in the shape of the Marshall plan, had brought the means to combat hunger and poverty, but it had left national structures and divisions intact. The ECSC now provided a firm starting point for a political transformation.

The durability of the new structures was proved during the disappointing years in which the draft for a European political authority came to nought and the integration of Western Europe's military forces in a European Defence Community foundered on the French National Assembly's refusal to ratify. From February 10, 1953, onwards the ECSC was a political and economic reality, and in it were centred the hopes of all who strove for European unity. Nor were their hopes disappointed : the Coal and Steel Community was to become the pilot-plant for the European Community as it exists today.

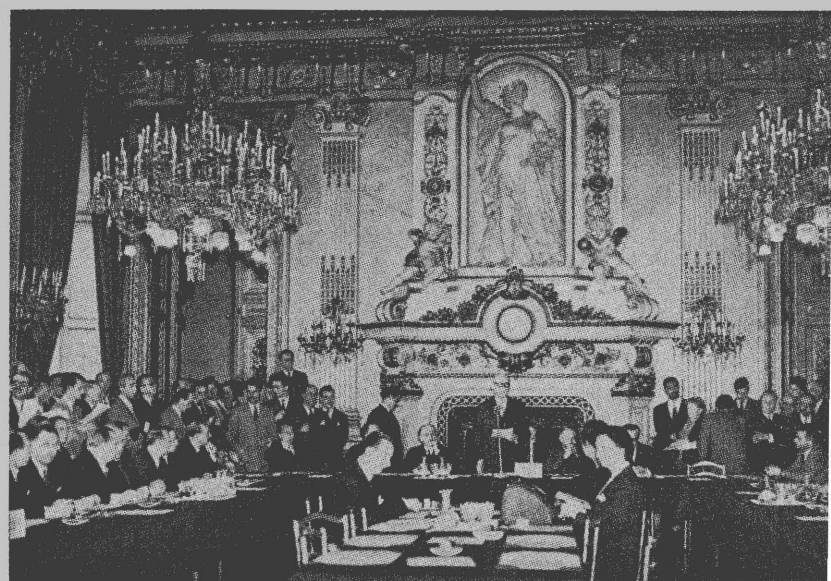
The first step towards European unification had been taken by the French Government on May 9, 1950. French Foreign Minister Robert Schuman had announced to an unexpecting press conference in Paris a French project to make a start on unifying Western Europe by pooling its coal and steel industries. In his solemn and now historic Declaration he said : “Europe will not be made all at once, or according to a single, general plan. It will be built through concrete achievements, which first create a *de facto* solidarity. The gathering of the nations of Europe requires the elimination of the age-old conflict between France and Germany.

“With this aim in view, the French Government proposes to take action

Jean Monnet in his office at the Commissariat du Plan, rue de Martignac, Paris.



May 9, 1950 : Robert Schuman reading the French Government's declaration.



immediately on one limited but decisive point. The French Government proposes to place Franco-German production of coal and steel under a common High Authority, within the framework of an organization open to the participation of the other countries of Europe.

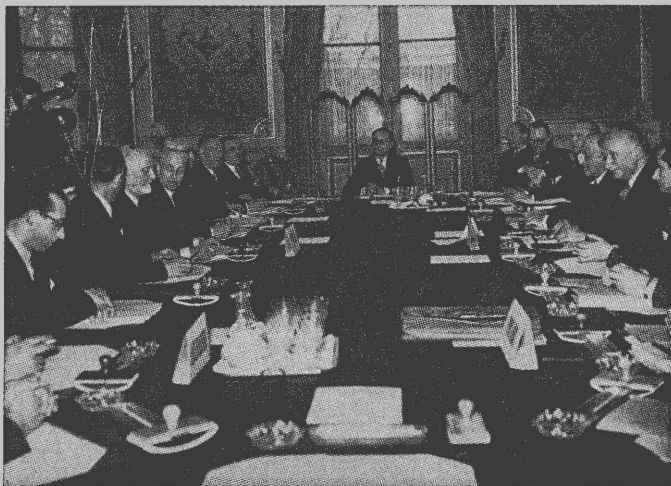
“The pooling of coal and steel production will immediately provide for the setting-up of common bases for economic development as a first step in the federation of Europe, and will change the destinies of those regions which have long been devoted to manufacturing the armaments of war of which they themselves have been the most constant victims.

“The solidarity in production thus established will make it plain that war between France and Germany becomes not merely unthinkable but materially impossible. The setting-up of this powerful production unit, open to all countries willing to take part, and eventually capable of providing all the member countries with the basic elements of industrial production on the same terms, will lay the real foundations for their economic unification.

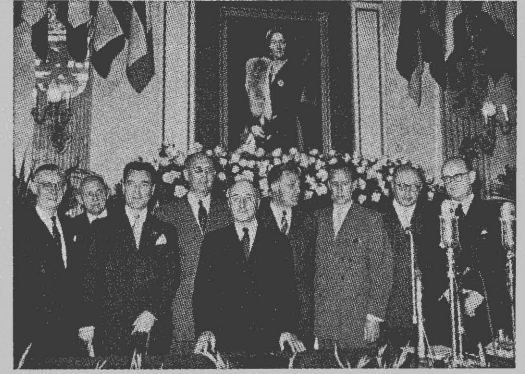
“By pooling basic production and by setting up a new High Authority, whose decisions will be binding on France, Germany and other member countries, these proposals will build the first concrete foundations of the European Federation which is indispensable to the preservation of peace....”

The details of the Schuman Plan had been worked out by Jean Monnet, in whose hands France's post-war reconstruction plan had made such notable strides. Monnet's memorandum to Schuman suggesting the establishment of a European coal and steel pool was despatched on April 28, 1950. In the following ten days the decisions were taken which were to change the future shape of Western Europe, and ensure that the powerful industrial regions of the Ruhr, Lorraine and the Saar would be harnessed to the cause of peace.

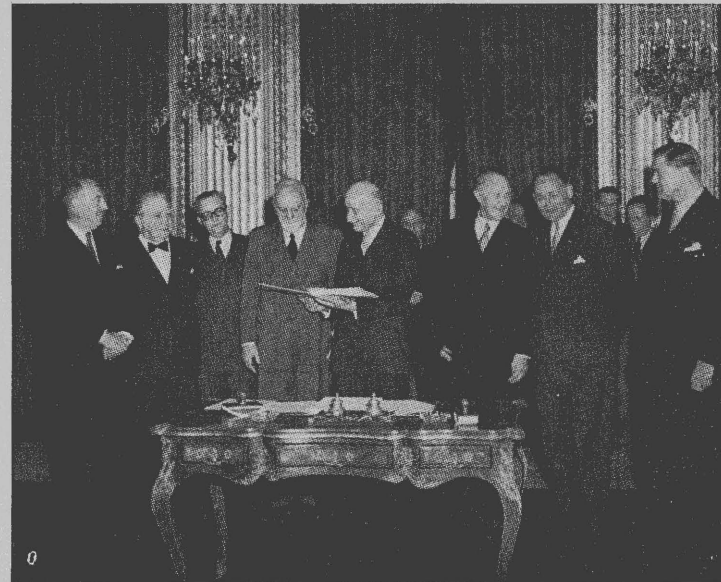
Schuman's proposals were immediately endorsed by the Federal German Chancellor, Konrad Adenauer. Count Sforza accepted on behalf of Italy and congratulated M. Schuman on his “bold” move. The plan was likewise warmly welcomed by Belgium, Luxembourg and the Netherlands. Europe's first Community was born.



*The negotiations leading up to the Coal and Steel Treaty begin at the Quai d'Orsay on June 20, 1950.*



*The High Authority meets for the first time, Luxembourg, August 10, 1952.*



*The ECSC Treaty is signed, April 18, 1951.*

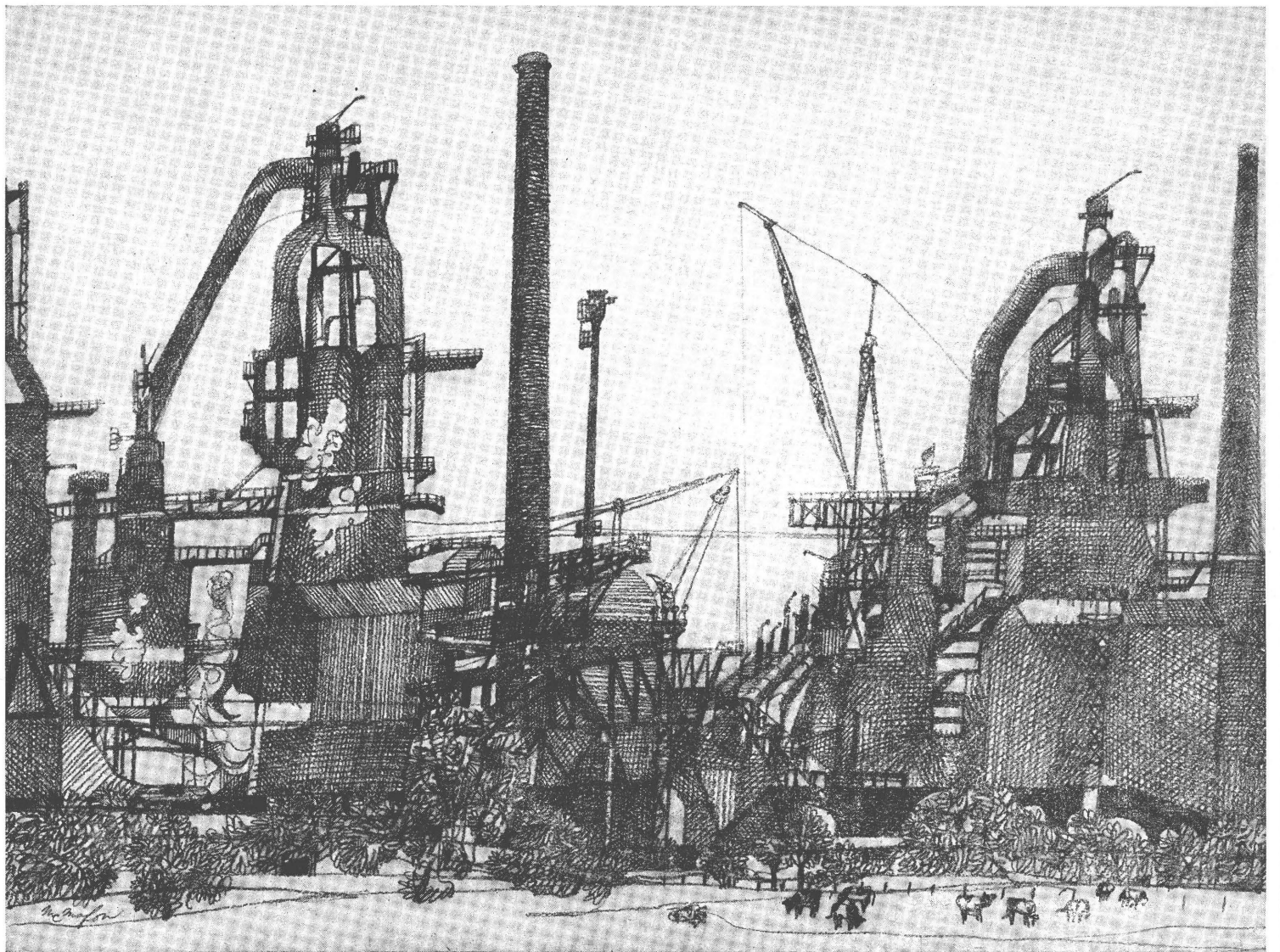


*The ECSC Treaty is initialled, March 19, 1951.*

In the above photos can be recognized many of the men who have built the new Europe. Above (left) Walter Hallstein, for the German Federal Republic, and (right) Jean Monnet, for France, initialling the ECSC Treaty. Centre : Signing the Treaty (left to right) : Paul van Zeeland, Belgium; Joseph Bech, Luxembourg; Joseph Meurice, Belgium; Count Carlo Sforza, Italy; Robert Schuman, France; Konrad Adenauer, German Federal Republic; Dirk U. Stikker and J. R. M. van den Brink, Netherlands. Top — The first meeting of the High Authority : left to right, Paul Finet, Léon Daum, Enzo Giaccherro, Franz Etzel, Jean Monnet, Albert Coppé, Dirk Spierenburg, Albert Wehrer and Heinz Potthoff.



# THE RECORD



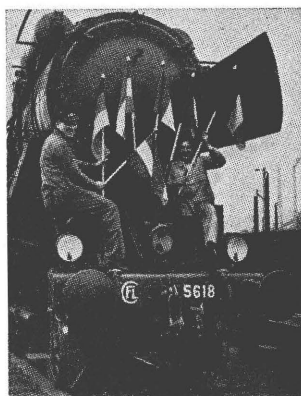
Ten years later, how does the record stand? Not only the successes which ECSC has scored but also the trials it has undergone have yielded a fund of valuable experience in a limited field. The very fact that its activities were limited to coal and steel created a calculated, intentional imbalance. Inevitably, E.C.S.C. on occasion found itself frustrated by the limitations of partial integration — which explains the difficulties it has experienced in dealing with such matters as the coal crisis, a common energy policy, the transport sector, disparate tax systems, and so on. This constant battling has been a powerful stimulus, however. A far cry indeed from the days of the Community's infancy, when the gloomier crystal-gazers were busily predicting that it would soon bog down in complete inertia.

The ECSC has been a living and an active force, with the aid of the Governments, workers and producers who are the mainstays of the common market. On the economic plane, it first established among the six member countries a European market characterized by common rules of operation and long-term planning. For the first time, it was possible for consumers to buy as freely in five other countries as in their own. For the first time there was a European system of readaptation for workers and for assistance towards industrial redevelopment and the rationalization of firms adversely affected by economic developments. No such arrangements had ever been made before on more than a purely national scale. Solidarity is beginning to be one of the facts of European life.

On the technological plane, ECSC has also been an innovator : it has co-ordinated and promoted research, and sought ways and means of raising productivity and improving the quality of products, with an eye to the *general* interest of the whole Community.

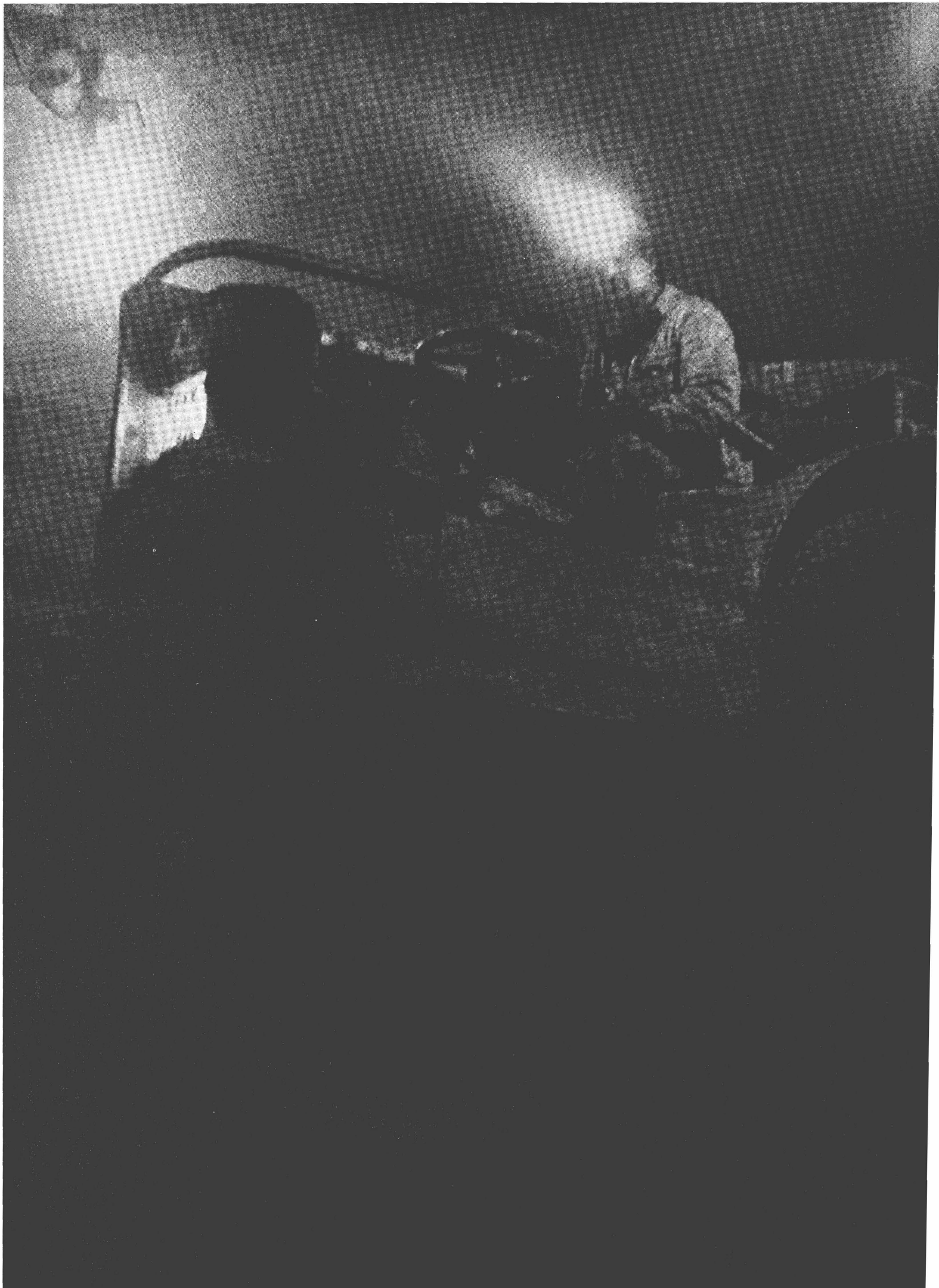
On the political plane, ECSC blazed the trail for full economic union. Since it is out of the question that two basic sectors should remain indefinitely separated from the remainder of the economy, there were really only two possibilities : either ECSC would be a failure, or integration would inevitably be extended to the other sectors also. And then the question would no longer be, *Should we have a Common Market?* but simply, *How are we to go about it?*

On the organizational plane, ECSC set pattern of four institutions — an Executive (the High Authority), a Parliamentary Assembly, a Council of Ministers and a Court of Justice — which was subsequently adopted by the Common Market and Euratom. In these two Communities, however, the Council of Ministers has more say in major decisions than it does in ECSC. The Assembly (since renamed the European Parliament) and the Court were taken over as they stood to serve all three Communities.



The common market for coal, iron ore and scrap received the green light on February 10, 1953. To mark the occasion a coal train, decorated with the flags of the six countries, crossed the frontier between France and Luxembourg. On May 1, 1953, the opening of the common market for steel was celebrated at Belval, Luxembourg, by the casting of a symbolic European ingot.





**Investment**, vital to the development of the coal and steel industries, must be based on a full knowledge of market trends and an accurate forecast of demand. For this reason, the High Authority publishes General Objectives for coal and steel which help producers in making their plans.





## THE COMMON MARKET FOR COAL AND STEEL

The economic aims of the Community were three in number — to establish a common market for coal, iron ore, scrap and steel by eliminating the distortions, subsidies and privileges which tended to interfere with the play of market forces; to ensure that the market functioned as it should and that the rules of competition were duly observed; and to provide guidance for the coal and steel industries by issuing long-term forecasts for firms to bear in mind when planning their investment.

### Establishing a common market

The first task was to some extent eased by circumstances. In 1953, when the common market was set up, practically no duties were charged among the six countries on coal, iron-ore or scrap, and except in the case of Italy, duties on steel had been suspended. Quantitative restrictions, on the other hand, abounded : the export of scrap, then in very short supply, was for the most part prohibited, and the import of iron and steel products very strictly regulated. Today all these impediments have been abolished.

It was a very much more difficult matter to root out the mass of distortions which existed at the time of the Community's establishment. Dual pricing, for instance, was a common practice. As soon as steel production appeared to be in excess of demand, steel firms would quote attractively low prices to consumers in neighbouring countries to capture orders from producers there. At the same time they would press their own Governments to give maximum protection to their home markets. Once the Community was established, this kind of thing became impossible through insistence on the publication of price schedules and enforcement of the nondiscrimination rule. The ECSC also gradually eliminated subsidies and special charges incompatible with normal competition, so that prices might find their true level and consumers might enjoy freedom of choice.

### Supervizing the market

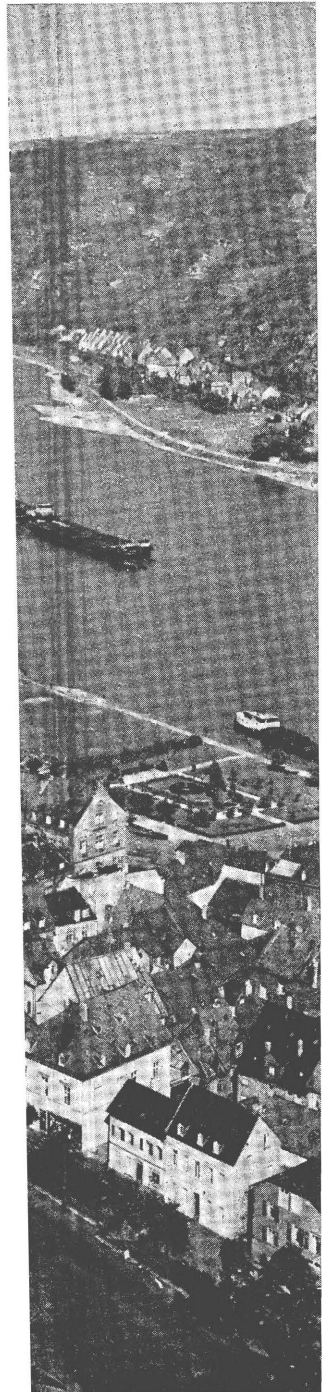
The creation of the common market is a continuous process : the establishment of genuine competition takes years, and involves a whole series of safeguards, interventions, and adjustments. Moreover, the High Authority must keep within the limits of partial integration : the Treaty does not permit it to take direct action in certain important fields, such as transport. True, the rules of price publicity and nondiscrimination also apply to the transport of coal and steel, but they can be enforced on carriers only through the Governments. Consequently, although ECSC was quickly successful in putting an end to discriminations in rail transport — a sector already largely controlled and regulated — it encountered stiff resistance in road haulage and inland water transport. At one stage this seemed likely to nullify all that had previously been achieved.

Thus, while it is standard railway practice to charge lower and lower rates the greater the mileage covered, before the introduction of the common market each national railway network observed this



The Rhine at last plays its true role as a European link. Formerly a frontier dividing a region of Europe rich in men and materials, the river is now a trade artery for one of the world's great economic powers.





rule only within the borders of its own country. The moment a train crossed a frontier, the rate went up again to its starting-point. This arrangement, known as the break in rates, was abolished in 1957 by the final and binding establishment of international through-rates, which have since been further extended.

One example of the result : transport costs from Gelsenkirchen to Esch-Belval now represent only 30% of the price paid for German coke by Luxembourg consumers as against 46% before ECSC took action.

In order to prevent distortion of competition by the emergence of unduly large and powerful concerns, the High Authority also keeps a watchful eye on agreements and concentrations between Community firms. In ten years, it has investigated over two hundred agreements and projected agreements, of which about fifteen have been pronounced undesirable and accordingly dissolved or prohibited. At the same time, it has examined over 150 applications for permission to merge. Those designed to enable the firms concerned to compete more effectively — and not to dispense them from having to compete at all — have been duly sanctioned, but a number of applications not fulfilling these requirements have had to be withdrawn.

#### Guiding the market

Simultaneously with these efforts, ECSC has tackled its third task, that of long-term guidance. This it provides, in particular, by the issue of **General Objectives**, in which the High Authority estimates future coal and steel requirements and outlines appropriate ways and means of meeting them. In drawing up the General Objectives the High Authority works in close co-operation with Governments, producers, consumers and workers. The Objectives are not binding on firms; they are simply offered as useful information and guidance which they have, in fact, proved to be for all concerned. The High Authority for its part uses the General Objectives as the basis for its market-guidance work, particularly in connection with investment and research.

The market situation has altered appreciably in the course of ten years — so much so that in some sectors the trend has undergone an almost complete reversal. On the coal side, the whole pattern is changing fast : coal today represents less than 50% of the total energy consumption of the Six, compared with 73% when ECSC was first set up. The steel market is changing too : with new capacity and new types of plant being installed, both in Europe and in other parts of the world, supply is steadily increasing towards the point where it will cover all possible demand. Meanwhile, demand for finished products is concentrating more and more on flat products.

Since in both industries investments are extremely costly and take many years to write off, it is essential to have as accurate an idea as possible of likely future developments before any project is put in hand. Here too the Community is able to provide guidance on market trends in the short and long term. All firms are obliged to send details of their investment projects to the High Authority, which has two means of helping to ensure that investment activity is in line with economic needs. First it publishes an annual survey of investment projects completed, in hand and planned, with indications of the production potential which they represent. Secondly, it gives opinions on individual projects and their compatibility with the General Objectives, thus showing firms how their plans fit into the future development of the



market. In addition, the High Authority is able to assist the financing of projects considered to be of special value to the Community. From the various loans it has contracted (representing to date a total of \$318 million), it grants financial assistance, in the form of loans of its own or loan guarantees. In this way, the High Authority has provided to date a total of \$400 million, as a result of which the Community coal and steel industries have been able to undertake investment projects of an aggregate value of \$1,500 million.

By guiding investment in this way, ECSC has been able, for example, to bring about an improvement in the steel industry's supply position, in particular by encouraging firms to produce more pig-iron and through its success in securing greater equilibrium in the scrap market. A number of firms have also altered their plans in accordance with the suggestion that there might be over-capacity for certain steel products by 1965.

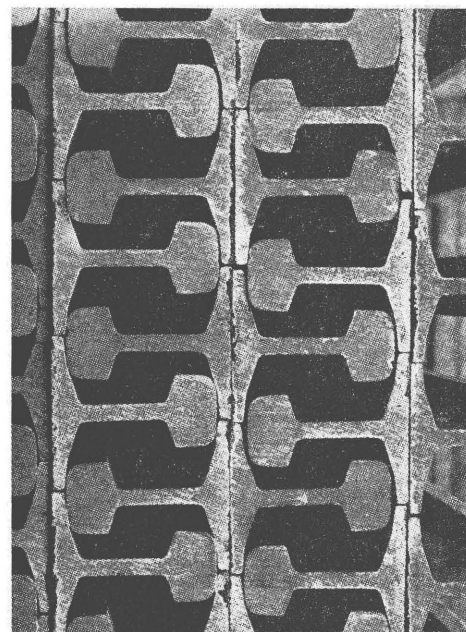
## ECONOMIC RESULTS

What are the economic achievements of the ECSC? Intra-Community trade has increased sharply in volume and is now more closely related to the true needs of the Community economy; competition has been stimulated; investment has expanded; cyclical fluctuations in the demand for steel are no longer anything like as great as they used to be (though coal has been severely affected by falling demand); production of iron-ore, pig-iron, and steel has risen (coal output rose steadily up to 1957, but has since been contracting). The beneficial effects of many of these achievements have been felt as strongly outside the Community as they have inside.

It is worth pausing a moment over this heart of industrial Europe with its mines, its blast-furnaces and its rolling-mills. Before the days of the Coal and Steel Community, it was divided up by jagged frontiers, drawn without any regard to the location of natural resources. For coal and steel, this division was particularly burdensome, as both are bulky products, and expensive to transport. It made no sense to send them many miles — simply for the sake of keeping them inside the national borders — when a stone's throw away, on the other side of the frontier, they could be used far more economically. Yet that was the position when ECSC was set up; its task was to do away with these man-made divisions, and restore the single natural production area whose economic development they had been restricting for so long.

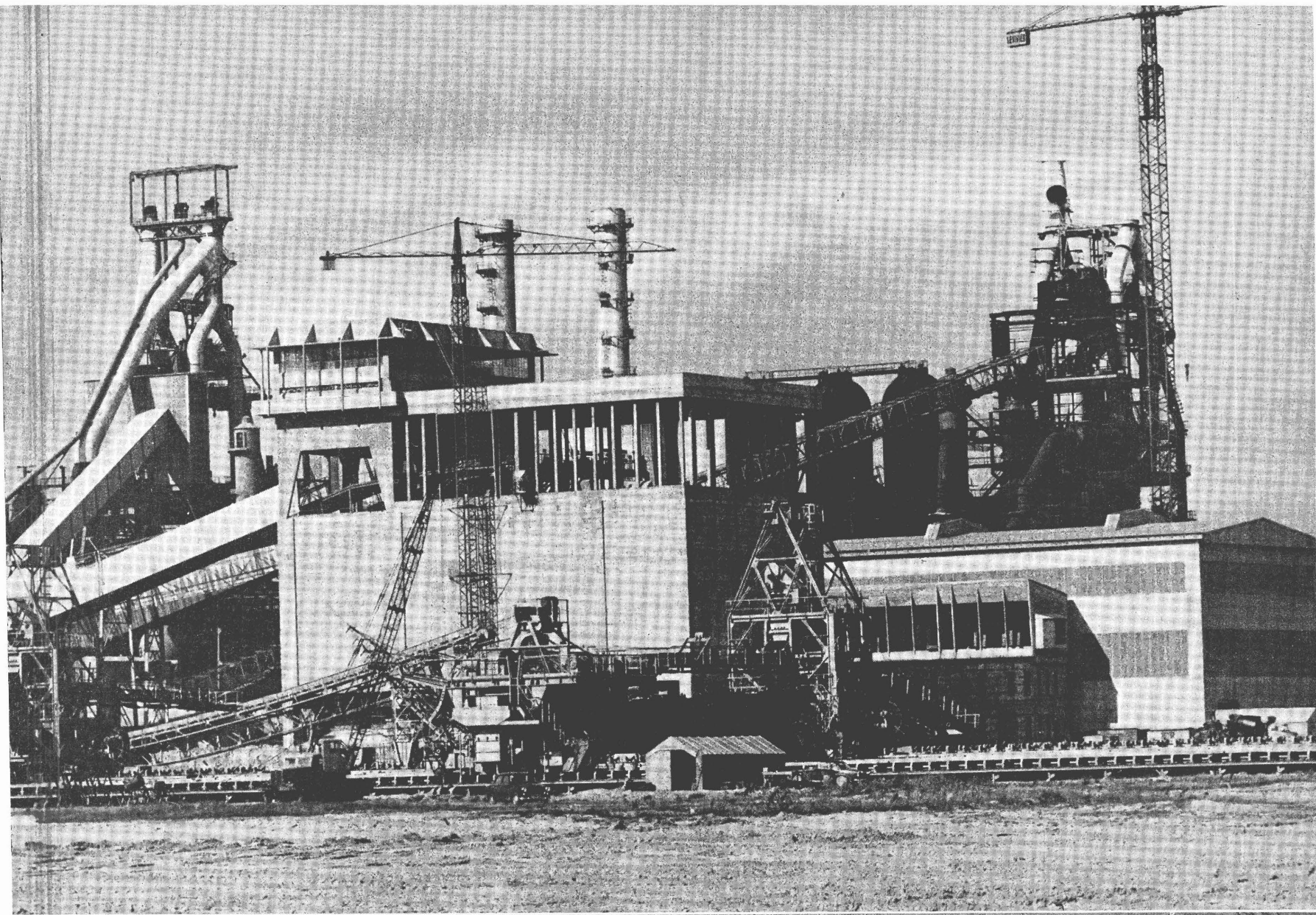
Trade among the Six began to expand as soon as the common market for coal and steel was set up. And then it snowballed. In ten years, trade in ECSC products (coal, steel, iron ore and scrap) has increased by 168% — an indication of the greatly increased interpenetration of markets.

A few details show what this process represents in practical terms. First, geographically, a change in the pattern of trade has been taking place and supply arrangements are becoming more rational. One striking example is the case of the Aachen coalfield in north-western Germany, which used to sell most of its coal in the national market although its natural sales area also extends into Holland and Belgium. In 1952, the Benelux countries bought less than 15% of Aachen's coal : some years later they were taking over 33%. Similarly, Dutch Limburg, sandwiched between Belgium and West Germany, started to sell its coal in these adjacent markets — as economic common sense



Steel moves to the sea, to rivers and canals. Bremen, IJmuiden, Ghent, Dunkirk, Genoa, Bagnoli ... in these places and many others, new steelworks are supplied with iron ore by sea. Then rails, beams, plates and sheet are loaded on to ships and are taken to steel consuming industries all over the world. The tendency for steelworks to move closer to the big shipping routes is increasing in the Community. Lower transport costs mean lower prices which in turn help to make the Community steel industry more competitive.







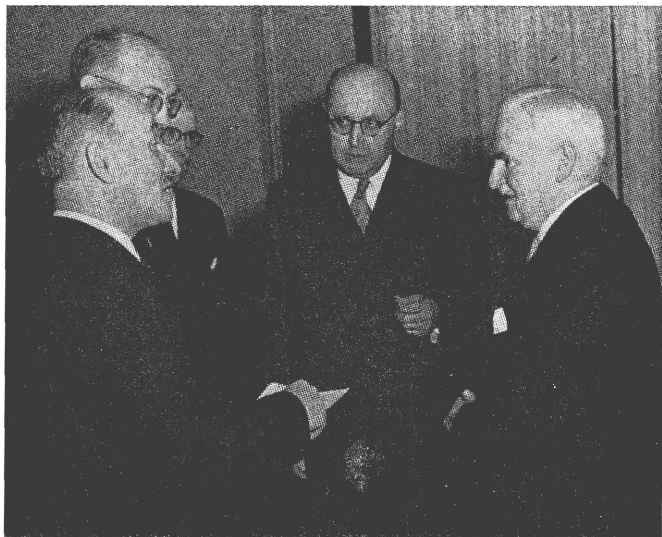
would suggest — instead of keeping most of it for home consumers, many of whom were inconveniently far away. On the steel side, consumers in southern Germany, who used to obtain their supplies from the Ruhr, now buy more and more from the Saar and Lorraine, which are on their doorstep. As a result, sales of iron and steel products from these areas to southern Germany have increased fourfold since 1956. The industries of northern Italy, desperately short of scrap and formerly obliged to hunt for it all over the Mediterranean, can now obtain it from West Germany and France. Everywhere in the Community, trade is now flowing along its natural channels. The process benefits those industries which are most rationally located and so able to produce most cheaply — a fact which in its turn serves to encourage a more economic distribution of industry.

This regulating effect is faithfully reflected by prices. Since the establishment of ECSC prices have remained remarkably stable, in strong contrast to their earlier erratic behaviour. The establishment of a larger market, in which competition is undistorted, has reduced fluctuations in steel prices in spite of the uninterrupted expansion of demand in the past few years. The net increase in the average prices for Community steel over ten years has been only 3%, compared with 16% in Britain and 24% in the United States. The importance of this is obvious in view of the influence of steel prices on the level of industrial prices generally.

Price stability has also generated an atmosphere of confidence which has encouraged the expansion of investment in the Community countries generally. In the ECSC industries, capital expenditure today is running at 60% above its 1952 level. Under the spur of competition, a number of firms which were not big enough to operate effectively in the enlarged market have linked up. The overall effect of these various factors, combined with a general expansion in the European economy, has been a major increase in production (in which the coal industry only participated momentarily, however). Steel production which in 1952 stood at 42 million metric tons, had reached 73 million tons by 1962. The Italian steel industry has derived particular benefit from the establishment of ECSC. When the Community was set up, Italian output was some way behind output in the other five countries; but over the ten years it has expanded twice as fast as in any other country — increasing from 3,500,000 to 4,400,000 tons a year. Thus the weakest did not go to the wall, as some had feared; but ceased to be weak.

Community iron-ore production has also risen — from 65 million tons to 96 million. Scrap recoveries have increased from 21 to 35 million tons. On the other hand coal production in the Community, as in most Western countries, has fallen: after rising from 238 million tons in 1952 to 249 million in 1956, output has been steadily declining ever since, to its current level of 227 million tons. With the energy market in its present state of flux, this contraction represents the collieries' efforts to adjust themselves to the recent conditions of the market for coal. The High Authority has helped them through its readaptation and redevelopment schemes.

All this has been achieved without prejudicing the interests of countries outside the Community — a fundamental principle embodied in the Coal and Steel Treaty. When the High Authority was set up, its President's first official action was to fly to London to discuss what co-operation could be arranged between Great Britain and the Six. Shortly afterwards the British Government set up a permanent



United Europe cooperates closely with other countries, many of whom have set up missions to the European Community. In the upper photograph Jean Monnet, with Franz Etzel, Heinz Potthoff and Albert Wehrer, receive the first delegation from a foreign power — Great Britain — led by Sir Cecil Weir (right). Below: Shoji Arakawa, the Japanese Ambassador to the High Authority, being received by Albert Coppé, Franz Etzel and Jean Monnet.

delegation in Luxembourg, and in 1954 an Agreement of Association was concluded on the basis of which real and practical co-operation developed. Sixteen other countries followed Britain's example by appointing delegations, and special agreements were subsequently signed with Switzerland and Austria. ECSC also cooperates with many non-member countries through international organizations — OECD, the United Nations, the Council of Europe, GATT, ILO, and others. Nothing could be farther from a policy of self-sufficiency than E.C.S.C.'s constant preoccupation with its relations with non-member countries.

The Community's liberal approach to external trade is symbolized by the harmonized external tariff for steel instituted in 1958, at a level well below the mathematical average of the old national rates.

The same approach has been reflected in the intensification of commercial relations between the Community and non-member countries. Although the world steel market has weakened since 1957, the Community's imports have risen steadily, as have its exports. Thus the integrating countries have expanded their export markets, while at the same time opening their frontiers wider and wider to imported products.

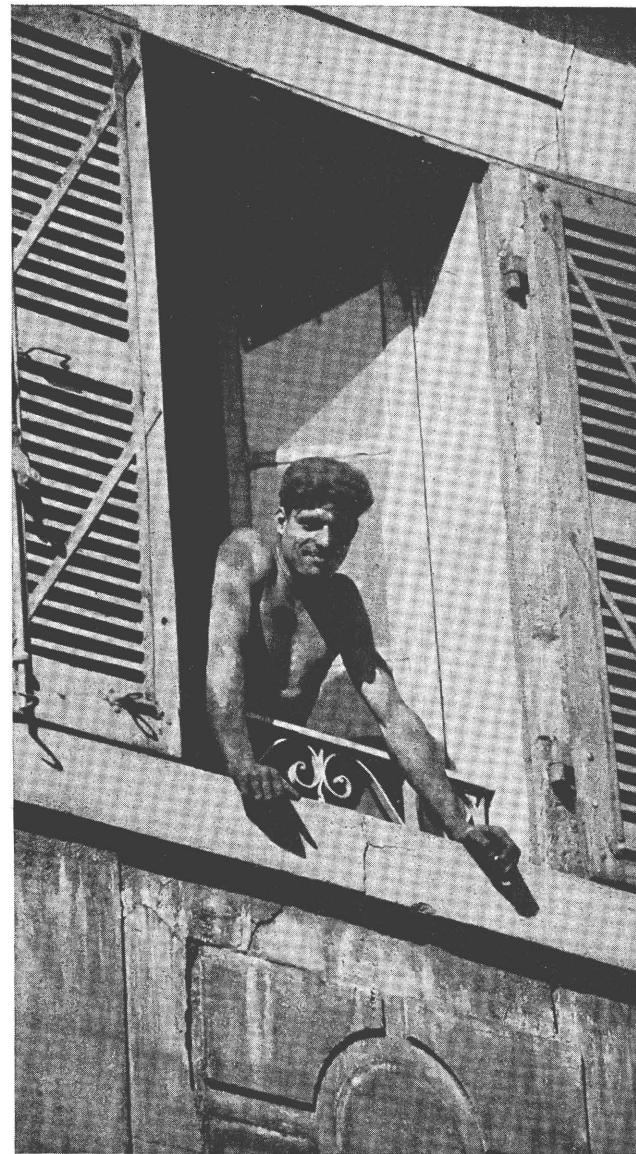
## READAPTATION AND INDUSTRIAL REDEVELOPMENT

One of ECSC's main continuing tasks is to see that the market operates in an orderly manner. It actively encourages competition — but insists that it shall be *normal* competition. At the same time, it does its best to protect workers from the possible effects of industrial rationalization. The Treaty requires it "to contribute to the expansion of the economy (and) *the development of employment.*"

Thus alongside its general development policy, represented particularly by the General Objectives, the Community is pursuing a policy of "readaptation and redevelopment" — the readaptation (tiding-over and retraining) of workers in difficulties, and the industrial redevelopment of depressed areas. These policies illustrate the difference between a merely unified market and a Community in the full sense of the word.

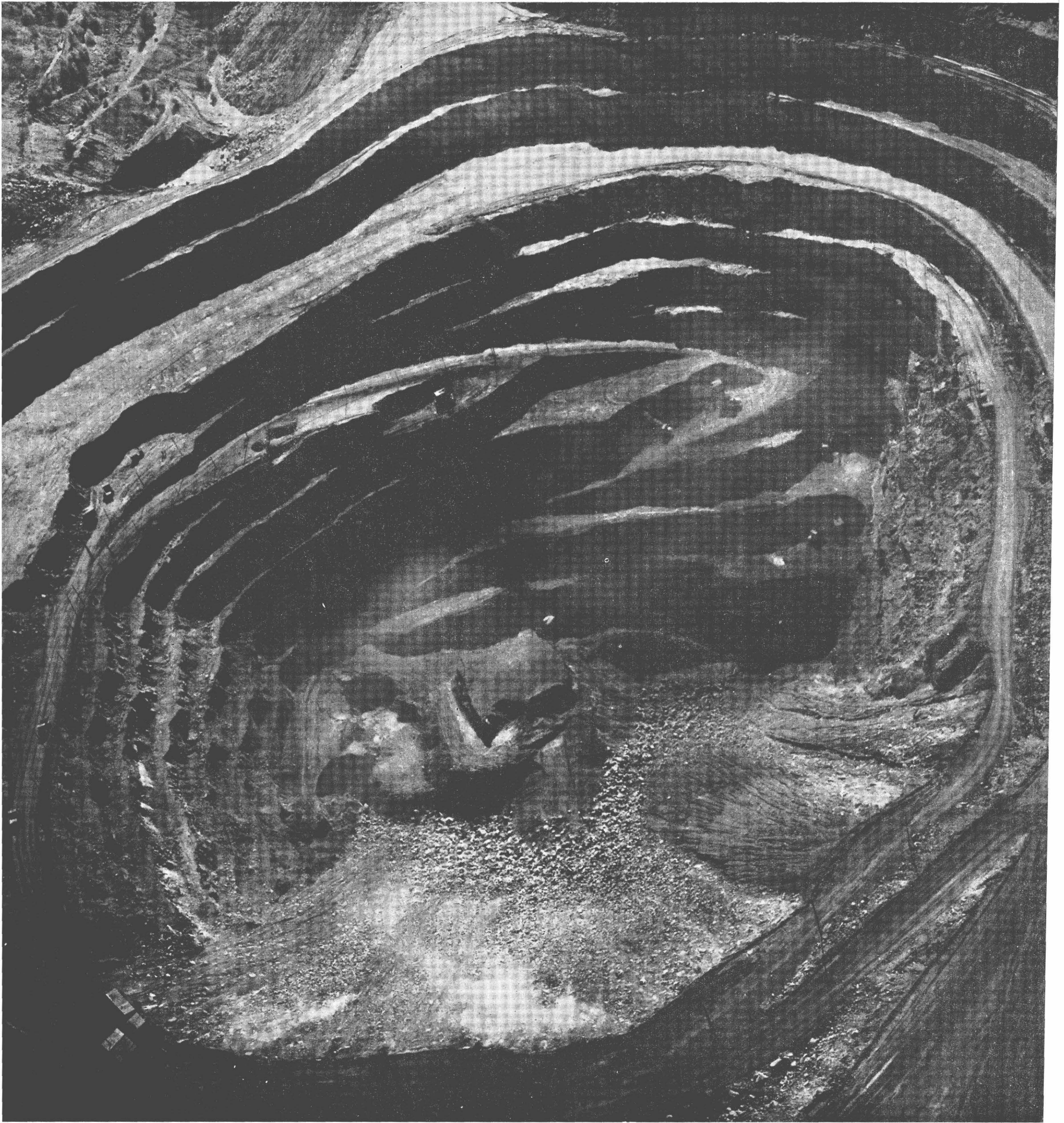
The operation of the common market is already bringing about a gradual economic levelling-up, perhaps most noticeable in the case of Italy. But it is not enough to rely on the automatic effects of market forces. Foreseeing that technological progress in a wider economic area was bound to necessitate regrouping and rationalization, and hence the closure of some firms, the makers of the Treaty provided the High Authority with means of coping with the consequences. This is the idea behind the policy of readaptation. In addition, the Treaty was amended in 1960 to make readaptation available to all those adversely affected by radical changes in the demand for coal or steel — particularly workers affected by the closures in coal- and iron-ore mining districts.

This was the first time that such comprehensive provisions had been made for safeguarding workers' interests. The Coal and Steel Treaty, a binding international agreement, had recognized the right to work, and laid down specific measures for ensuring that this right was maintained and honoured.



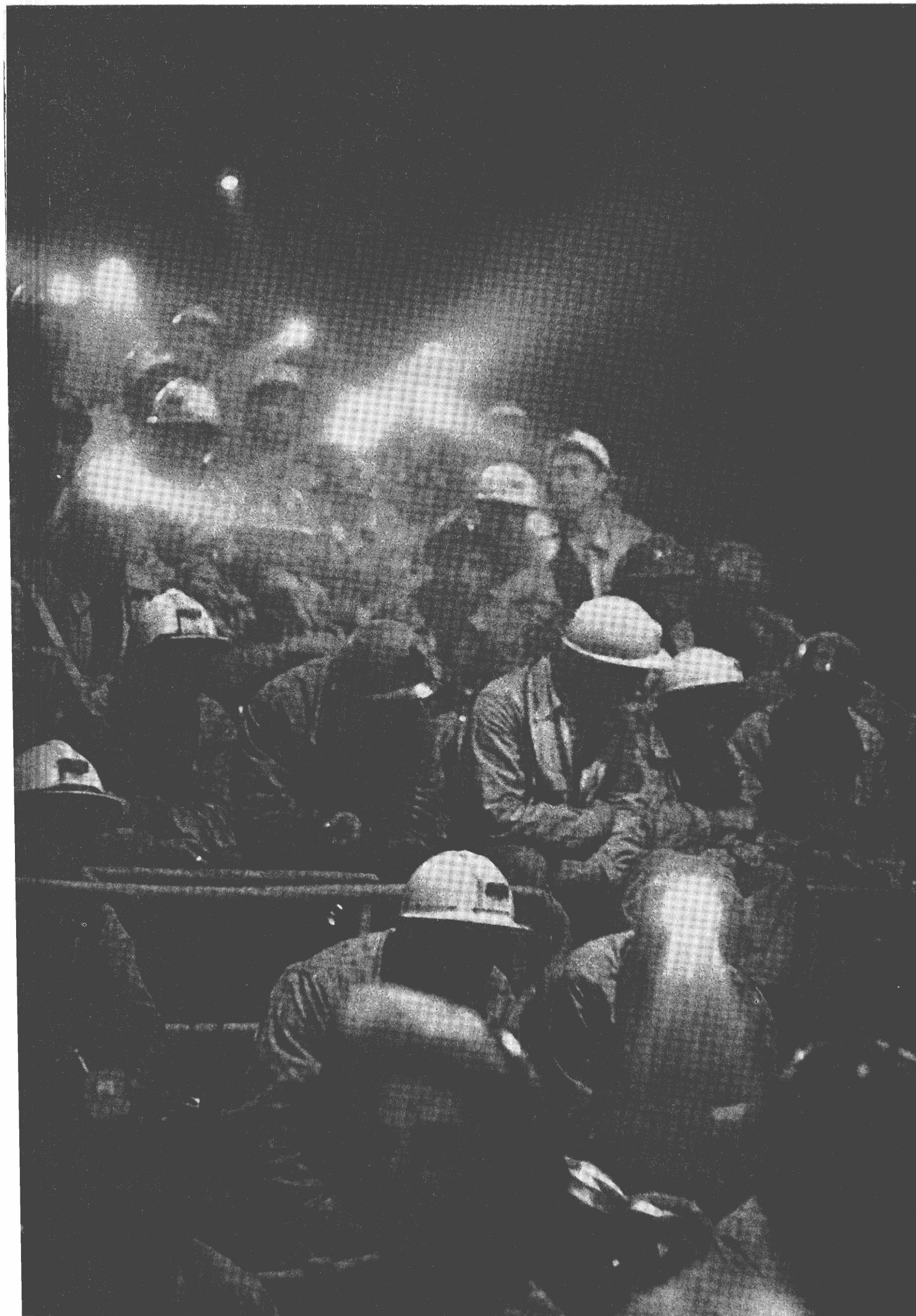
**Workers' welfare** is one of the main concerns of ECSC, which protects them from the effects of serious economic disturbances. Balanced expansion, the Community's aim, must benefit all citizens, particularly those who contribute to it directly by their labour.





No factory will be abandoned, and no worker will be allowed to lose his job, until arrangements have been made to retrain workers, new factories built and new opportunities for employment created. These are the principles which the High Authority applies, particularly in the coal industry, to make sure that economic changes do not cause social hardship.  
(Above : one of the Community's few open-cast mines. Right : miners underground.)







Readaptation alone is not enough, however. The Community cannot afford to be satisfied simply with overall economic growth, and ignore hardship in individual member countries. It is essential all six countries should benefit from growth, as labour and capital are not sufficiently mobile for readjustment to take place automatically. No region or area of a country can be left to sink into stagnation, for a worker's attachment to his home area is often so strong that he will be unwilling to move even to a different province. This was demonstrated not long ago in France, when the *gueules noires* of the Cévennes collieries in the south staged an orderly but determined stay-down strike, while the coalfields of the North were trying vainly to recruit the miners they urgently needed.

E.C.S.C. has therefore decided as far as possible to encourage redevelopment on the spot. To this end, the Governments and the High Authority are cooperating on action of two kinds.

At the *regional* level, attempts are being made to introduce alternative activities into mining areas affected by pit closures and where there is little or no other industry in which the men could find new jobs. The aims are to make fresh employment available, either directly they are laid off or on completion of a period of occupational retraining, and also to ensure that jobs are available for school-leavers. Working in close consultation with national authorities, the High Authority is advancing funds to be used to create new employment, some of which is to be reserved for redundant miners. Following an intergovernmental conference on redevelopment which the High Authority convened in 1960, the Community is also helping to prepare and equip industrial estates around pits before the latter are actually closed.

The High Authority has already cooperated in a number of redevelopment schemes in this difficult field. It has made an investment loan to an aluminium works built in the neighbourhood of the now defunct colliery at Champagnac in France. The High Authority has also provided funds for a project in the Liège area, for site preparation, levelling, and the removal of slag heaps, as a result of which new firms will be set up to provide something like 4,000 new jobs. With ECSC assistance, an aluminium-rolling mill employing between five and seven hundred people is to be built in the depressed Belgian coalfield of the Borinage. A rubber works, which is prepared to recruit 30% of its personnel from among redundant miners, will also be set up in the same area. A textile company in Troyes has been granted a loan to open a mill at St. Eloy-les-Mines, another depressed mining town in the Puy-de-Dôme region of France. All male employees taken on there will be miners put out of work by production setbacks in the Auvergne coalfield.

At the same time, ECSC is doing a great deal for miners and steelworkers at the individual level. In ten years, the High Authority has approved readaptation schemes for over 156,000 workers, including 119,000 miners. Its own contribution now totals more than \$53 million and the six Governments between them have provided an equal amount. These funds are used to continue payment of the men's wages while they find work or to provide occupational retraining free of charge. Workers who take new jobs at a lower wage have their pay made up to about its previous level for a period of not more than two years. All travel and removal costs incurred by workers moving to take up new jobs are refunded. In some countries discharged workers may be paid a single lump sum.



## A COMMUNITY APPROACH TO SOCIAL PROBLEMS

In addition to working for the expansion of the economy and the development of employment, E.C.S.C. is also required by the Treaty "to contribute to..... the improvement of living standards..... in harmony with the general economic development of the member countries."


Workers, together with producers and consumers, are represented on the Consultative Committee which assists the High Authority. They are thus closely associated with the preparation of major decisions affecting their future welfare.

The Treaty contains a number of provisions relating to social welfare. One of these specifically requires the High Authority to protect workers against cuts in wages. When the coal crisis began and many Belgian miners were put on short time, the High Authority paid a special "ECSC allowance" which reduced the men's financial loss.

The Treaty also lays down that the High Authority must "gather the information required to assess the possibilities of improving living and working conditions for labour." For these purposes, the High Authority has carried out a number of detailed studies, including a survey of family budgets among ECSC workers in which 2,000 miners and steelworkers were asked to record all particulars of their families' income and expenditure over a period of one year.

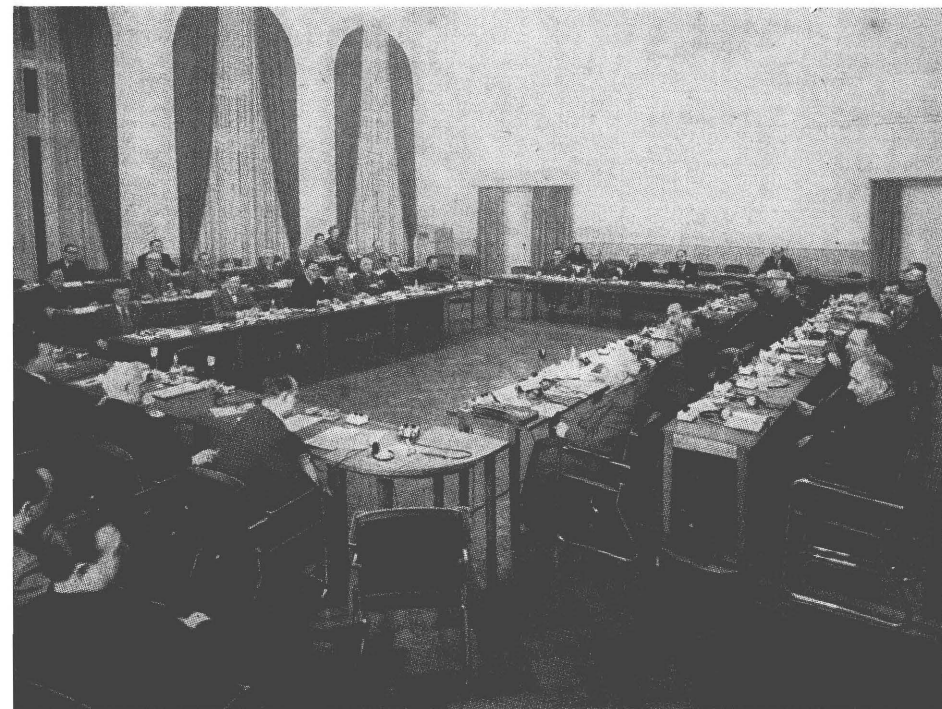
Another Community innovation — limited in effect but important as an experiment — has been the introduction of *freedom of movement* for skilled workers. Miners and steelworkers of "recognized qualifications" are now entitled to work in any member country of ECSC, and two agreements concluded by the Six in 1957 instituted for them a labour card valid throughout the Community, and special social insurance arrangements.

To help raise living standards for workers in the coal and steel industries, the High Authority is also conducting a *housing drive*. As a start, it launched two experimental building schemes to ascertain the most appropriate type of house for workers in the different parts of the Community. Since then, it has helped to finance the construction of a large number of dwellings with a total value of more than \$600 million; the High Authority's initial contribution of \$160 million has been supplemented by funds from various sources in the member countries. The number of houses and flats built or being built under the various projects instituted since 1954 totals 75,000. A further 25,000 are planned under another scheme, one of whose aims is to aid the readaptation of miners by providing accommodation for those willing to move to a different coalfield with greater opportunities for employment.

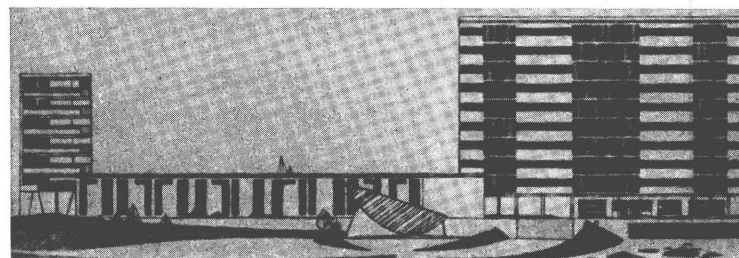


If his mine closes this worker will receive training in new skills, or will be helped to find new work. During the period of unemployment and the first months in a new job, financial aid from the Community will maintain his income at its previous level. In addition, he is paid during any period of retraining.

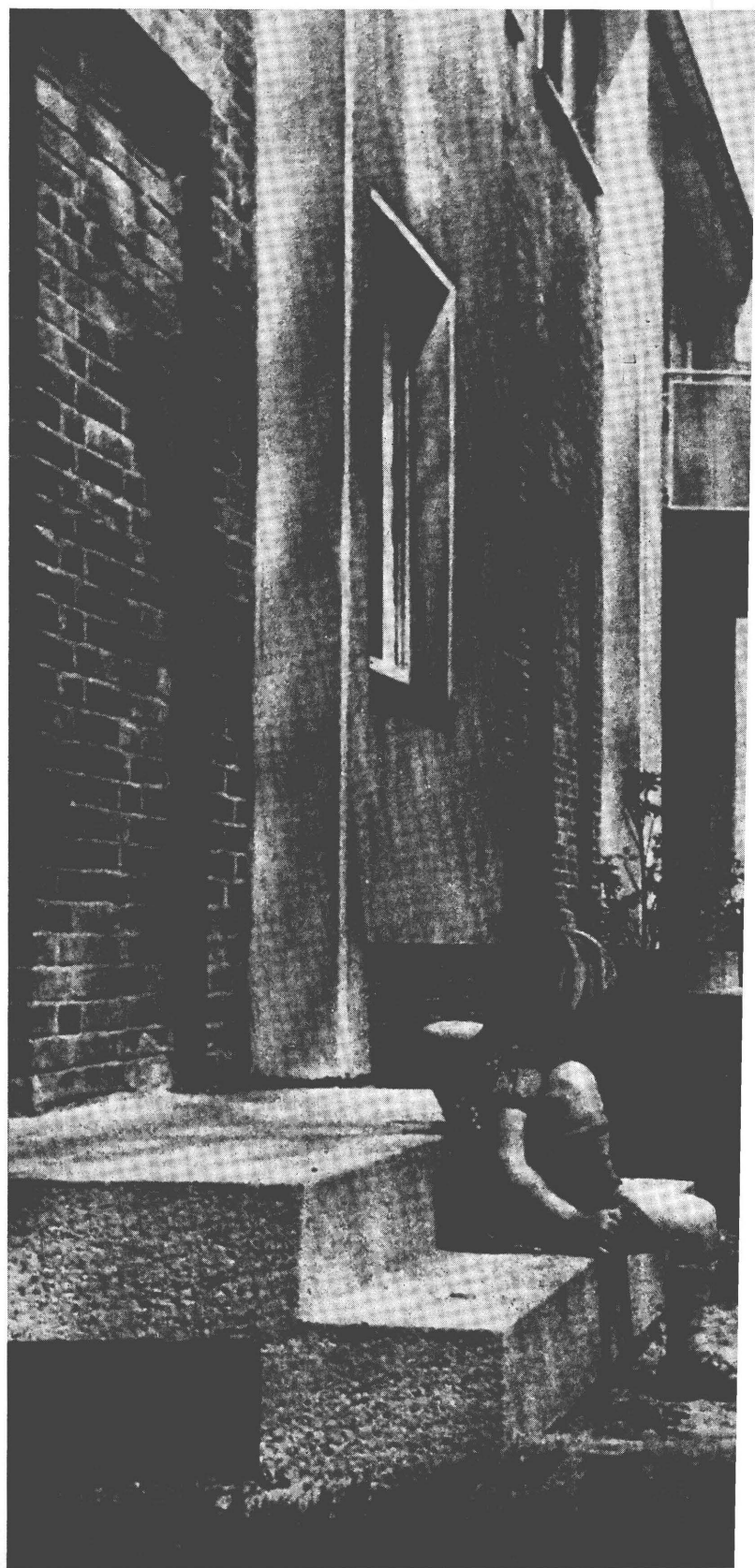


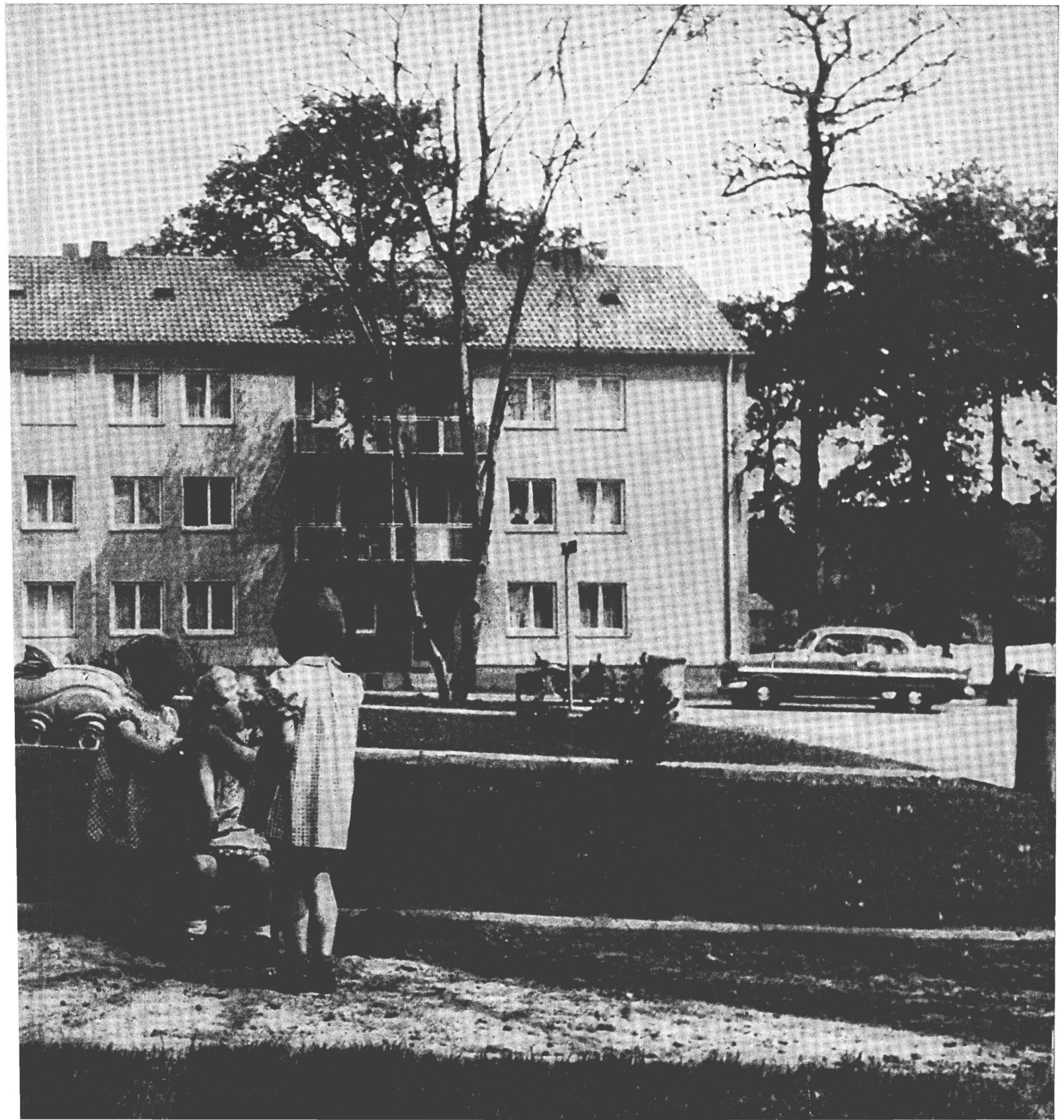
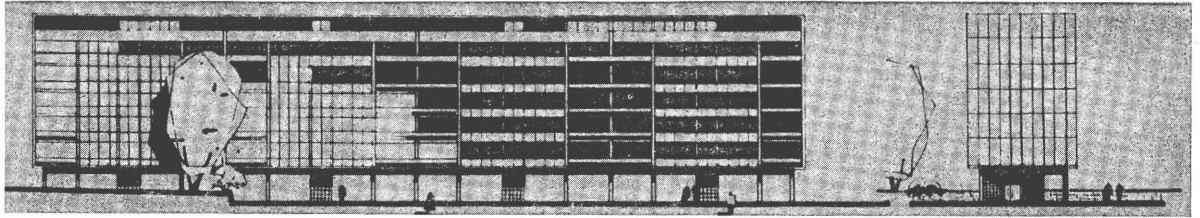
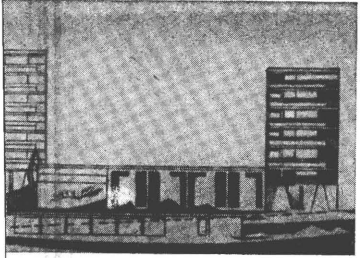


**Industrial partnership** is the basis of ECSC's social policy. Workers are represented in the Consultative Committee (above) and through it contribute to preparatory discussions on the High Authority's important policy decisions. Opposite : Workers' houses built with financial assistance from ECSC.



**The abolition of national frontiers** within the common market for coal and steel now allows skilled workers to find work in whatever Community country they choose. The picture shows Luigi Gui, Italian Labour Minister, handing a European worker's identity card to Battista Vigo, the first Italian citizen to receive one.







## THE GROWTH OF JOINT RESEARCH

Both in the USA and in the USSR — neither of which is much larger in population than the Community — substantial funds and facilities are provided for technological and scientific research. In Europe, on the other hand, far too little is done in this vital field. Intensive action is therefore required to develop and organize research so that it is capable of meeting needs. This is particularly important in view of the fact that the Community is less well off for raw materials than either the United States or the Soviet Union.

ECSC is striving to rouse the Community to awareness of its needs, and in the ten years of its existence the High Authority has spent nearly \$37 million on research. Its aim is not to do the research centres' job for them, but to promote cooperation among centres in all the member countries, and to provide supplementary financial assistance. This it does in the field of industrial investment by aiding research projects which it judges to be of particular importance to the Community's objectives. To be eligible for an ECSC research grant, a project must be shown to be of potential value to all or most firms in a Community industry. The results are then made available to all who may be interested.

Productivity in Community collieries has risen steeply as a result of rationalization and the introduction of new methods, particularly under the pressure of the coal crisis. Today 55% of the Community's coal production is entirely machine-mined, compared with only 9.5% in 1952. This has increased output per man-shift by 40%, with the result that approximately the same tonnages as ten years ago are now being produced by a labour force which has been reduced by 30%.

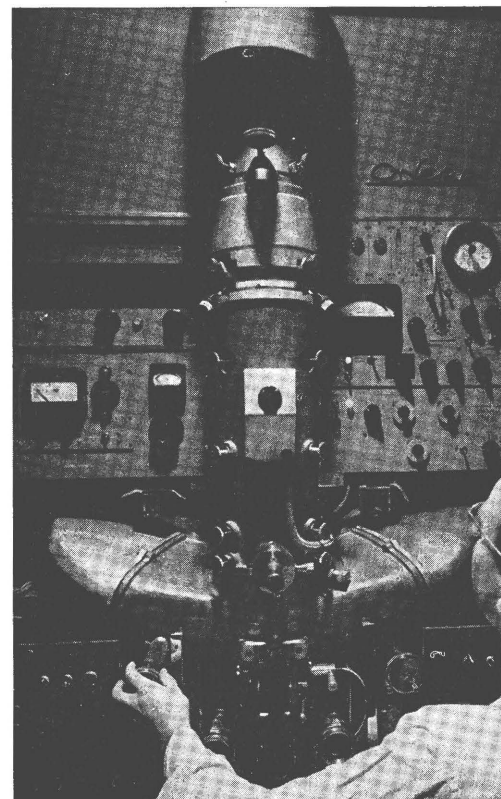
Much research is also being done on fuel efficiency — on improving ways in which coal can be used in industry, power stations and private households.

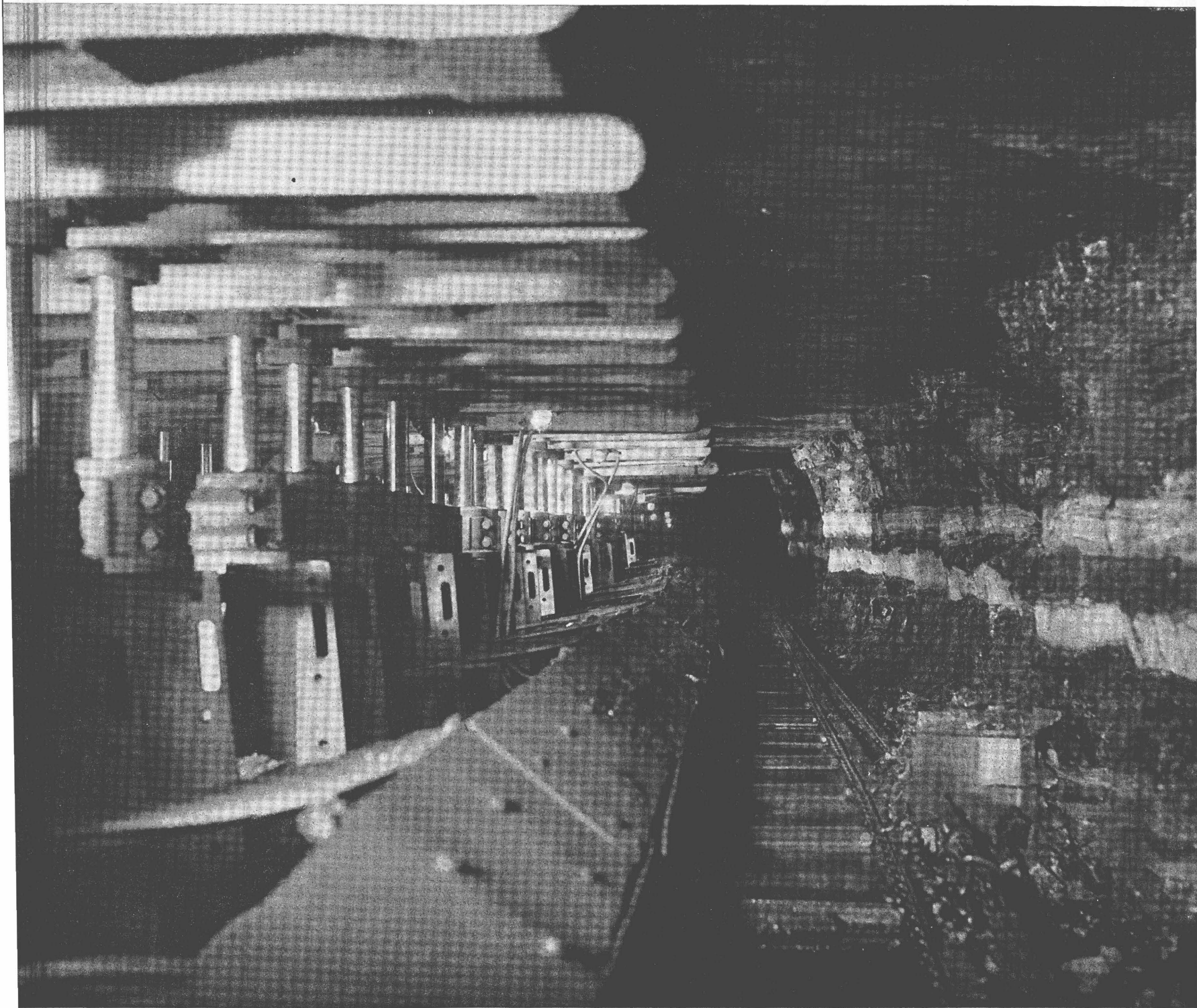
In iron and steel, the High Authority has assisted research projects on blast-furnace operation, particularly experiments using fuel-oil and pulverized coal.

Perhaps the most unusual work of all has been that done in prospecting for iron and manganese ore, notably in Africa south of the Sahara — the High Authority's contribution to the West's efforts for the developing countries of the world. With its help, extensive exploration has been carried out in Guinea, Ivory Coast, Gaboon, Cameroun and elsewhere.

Finally, the High Authority is helping to finance research on ways and means of improving safety in mines and in iron and steel plants, treating and preventing occupational diseases, and rehabilitating injured workers. In this context, the High Authority is working for scientific and for social progress at the same time. As a further indication of the importance it attaches to reducing the hazards of coalmining, it has set up a permanent Mines Safety Commission.

By providing the means for closer cooperation between member-countries' scientists, ECSC has opened up new avenues for **scientific and technical research** — the key to industrial development. Precision instruments, such as the microanalyser above, and heavy machinery like the power operated pit-support system opposite, all help to achieve the same object — raising living standards by increasing output.







## BRIDGEHEAD FOR A UNITED EUROPE

One of Monnet's remarks when he was the High Authority's first President was : "I'm more interested in Europe than in coal and steel." Whether or not intended merely to shock, this remark contained a good deal of truth.

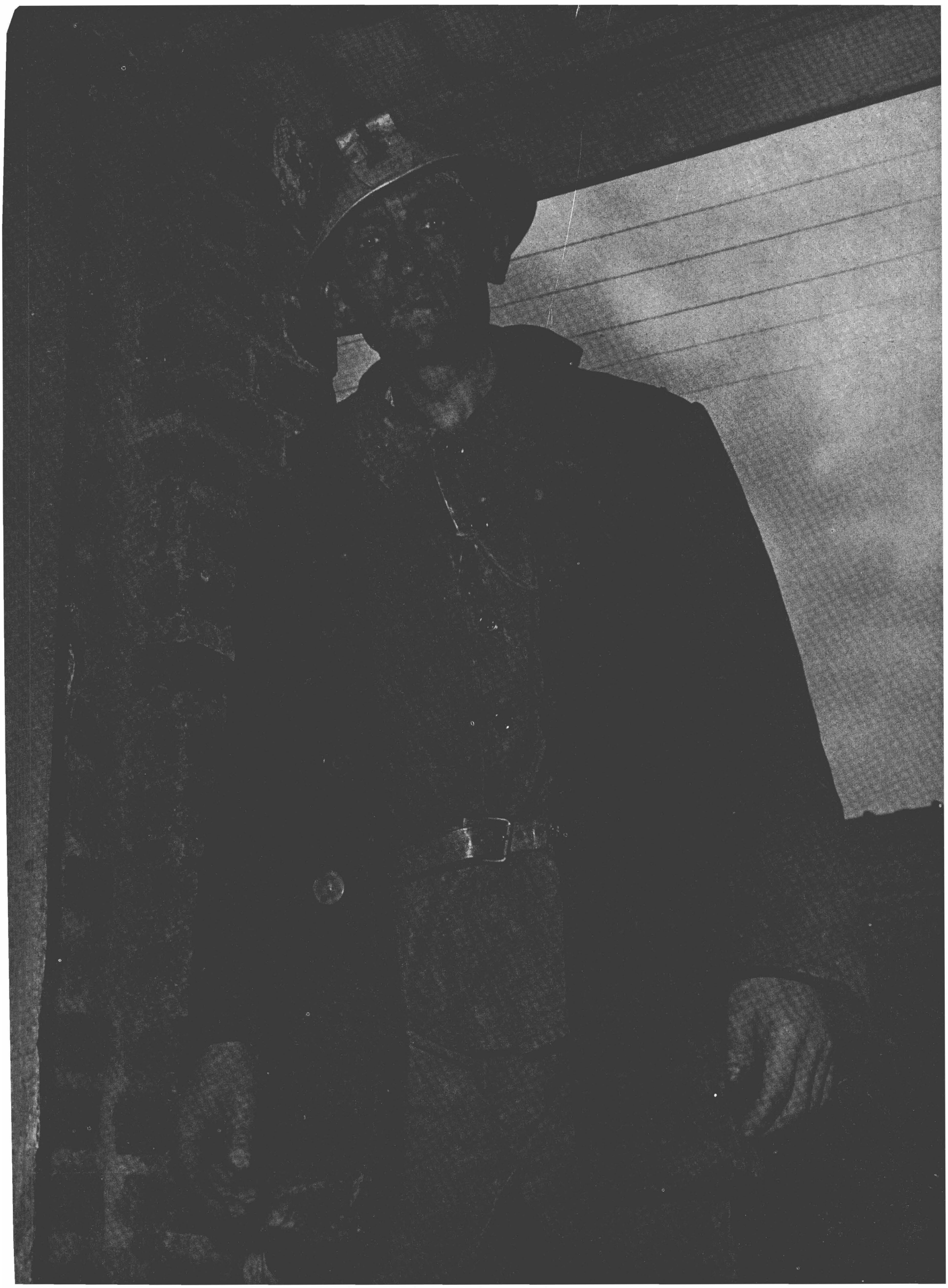
Robert Schuman on May 9, 1950, had also made it clear that he was setting his sights high. This declaration has very much more to say about political integration than about coal and steel : "by pooling basic production..... these proposals will build the first concrete foundations of the European Federation which is indispensable to the preservation of peace." Coal and steel were to be the pilot plant of European unification — a means of achieving gradually what could not be achieved all at once. Did ECSC realize this aim? Did it establish a bridgehead for a united Europe?

Robert Schuman's *de facto* solidarity was achieved. On redevelopment and readaptation, on social policy, as we have seen, there has been continual give-and-take among the Six, with no attempt to draw distinctions between those who give the aid and those who receive it. The fact that work on the canalization of the Moselle was at last begun, after years of delay caused by insistence on national rights and interests, bears witness to the new climate prevailing since the start of ECSC. The existence of ECSC and of the solidarity it engendered brought Europe through the thin times which followed rejection of the European Defence Community and enabled it to push on towards the establishment of the Common Market. The new European solidarity came into play, too, when ECSC itself ran into serious trouble over the coal crisis.

When that happened, the Community countries did not resort to policies applied before the war, particularly during the depression of the thirties. Before the war it was customary for a country to try to shuffle off its own difficulties on to others — to "export the slump." Countries slashed prices in the hope of selling more abroad to make up for selling less at home, and at the same time reduced imports. The result was that they made their own troubles worse without making the general situation any better.

During the recent coal crisis, however, machinery was set up to prevent this kind of thing from happening. Emergency measures based on Article 37 of the Treaty were introduced to help the Belgian collieries, which had been particularly badly hit by the recession. The High Authority's aim all along has been to enable Belgian coal to stand on its own feet in the Community, without assistance or protection. This cannot be done without reorganization, and ECSC accordingly set to work in cooperation with the Belgian Government to draw up a speedy reorganization program. The implementation of the program could not be allowed to entail economic or social hardship, however; it therefore became necessary to adopt a number of precautions, including arrangements to ensure that there should be no increase in sales to Belgium by lower-cost producers elsewhere in the Community. On the suggestion of the High Authority, a temporary ceiling was imposed on coal shipments to Belgium from other Community and non-Community countries, and equitable quotas within the total

European integration has become a reality for the 170 million people who live in the Community's six member countries. One of the basic aims of ECSC is to maintain fair competition, but the Community seeks at the same time to protect industry against the risks involved in adopting new and improved methods of production.







ECSC has strengthened the links between the six member countries, subsequently brought even closer together by the Common Market and Euratom. A disaster in a member country thus affects the whole Community : after the Marcinelle mining catastrophe in Belgium on August 8, 1956 (below), help came from all over Europe.

were allocated to each exporting country. Thus the coal crisis was the occasion for a further strengthening of the solidarity among the Six, and ECSC demonstrated that integration was practical politics as well as a new factor in European development.

While it is true to say, then, that ECSC paved the way for European unification by establishing solidarity among the Six, yet the inevitable result of partial integration was a disparity between the position of the coal and steel industries on the one hand and the rest of economy on the other. A state of affairs in which two industrial sectors were under European control, while all the rest remained under purely national authority, could not continue for long.

The activities of the ECSC industries are influenced by many factors outside the direct jurisdiction of the High Authority — wages and social-security charges; interest rates; energy and equipment costs; the prices of raw materials other than coal and steel; output and sales of manufactured goods. All these are governed by the operation of each country's own market and are thus under national, not Community, control. On the other hand, general economic activity in the member countries is partly governed, in its turn, by the level of coal and steel production and prices — and the coal and steel industries come under common ECSC rules while other industries do not. This fact poses a number of problems, particularly concerning the competitive position of coal in relation to other fuels.

This inevitable, and to some extent calculated, imbalance had to disappear sooner or later. There were in fact only two possibilities : either ECSC would founder, or European integration would have to be extended to other economic sectors and a generalized Common Market became inevitable, the only question being the precise form which it should take. So, on June 1, 1955, the six Foreign Ministers, meeting at Messina, launched the *relance européenne* which was to culminate in the establishment of the European Economic Community and Euratom. ECSC had fulfilled the aspirations of its authors — it had opened the road to the future.

## THE COMMUNITY MODEL

The ECSC, which contains the basic institutional framework for an eventual European Federation, also provides the model on which the other Communities were based when the time came.

### The High Authority

The importance of the High Authority can be judged from the fact that it was the only institution of the proposed Community referred to directly in the original Schuman Declaration — which otherwise, for the sake of simplicity and impact, did not go into great detail on institutional points. The High Authority is the central, propulsive element of the Coal and Steel Community, with such broad and comprehensive economic functions that the powers delegated to it by the national Governments are in effect political. It is at once arbitrator, expert and initiator : as arbitrator, it makes sure that the rules of competition are observed, smooths out distortions, and prevents irresponsible attempts to dominate the market : as expert, it analyses market trends and presents the results to firms as a guide for investment; as initiator of action, it assists the readaptation of workers and the redevelopment of depressed areas, promotes research, encourages social progress, and on occasion contributes to the installation of new plants. The supranational status of the High Authority is now universally recognized, and many non-member countries have appointed official diplomatic missions to represent them in Luxembourg.

One of the results of the High Authority's supranational status is that its Members do not act on behalf of their particular countries. Their function has always been to represent the European Community as a whole, and their decisions are taken as a group. They do not have to be unanimous, however, so that on many important issues there is a majority and a minority; but once a decision has been reached they are all bound by it, whichever way they may have voted. Without an Executive able to decide each case in terms of the general interest, the Community could never, in spite of its substantial funds (derived from a levy on coal and steel production), have achieved what it has achieved so quickly.

The High Authority has attached to it a Consultative Committee, through which it is able to ascertain the views of producers, workers, industrial consumers and dealers. The common market for coal and steel lives by these groups and they by it : they are all-important, and the High Authority consults the Committee before every decision.

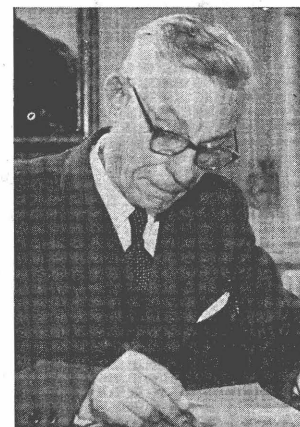
One incidental result of ECSC's installation in Luxembourg has been the establishment of the first European School. This is also organized on "European" lines. The curriculum, based on the educational systems in use in the various member countries, is taught in four languages, and the children learn from the outset to regard Europe as their homeland.



*Jean Monnet, first President of the High Authority.*



*René Mayer, second President of the High Authority.*

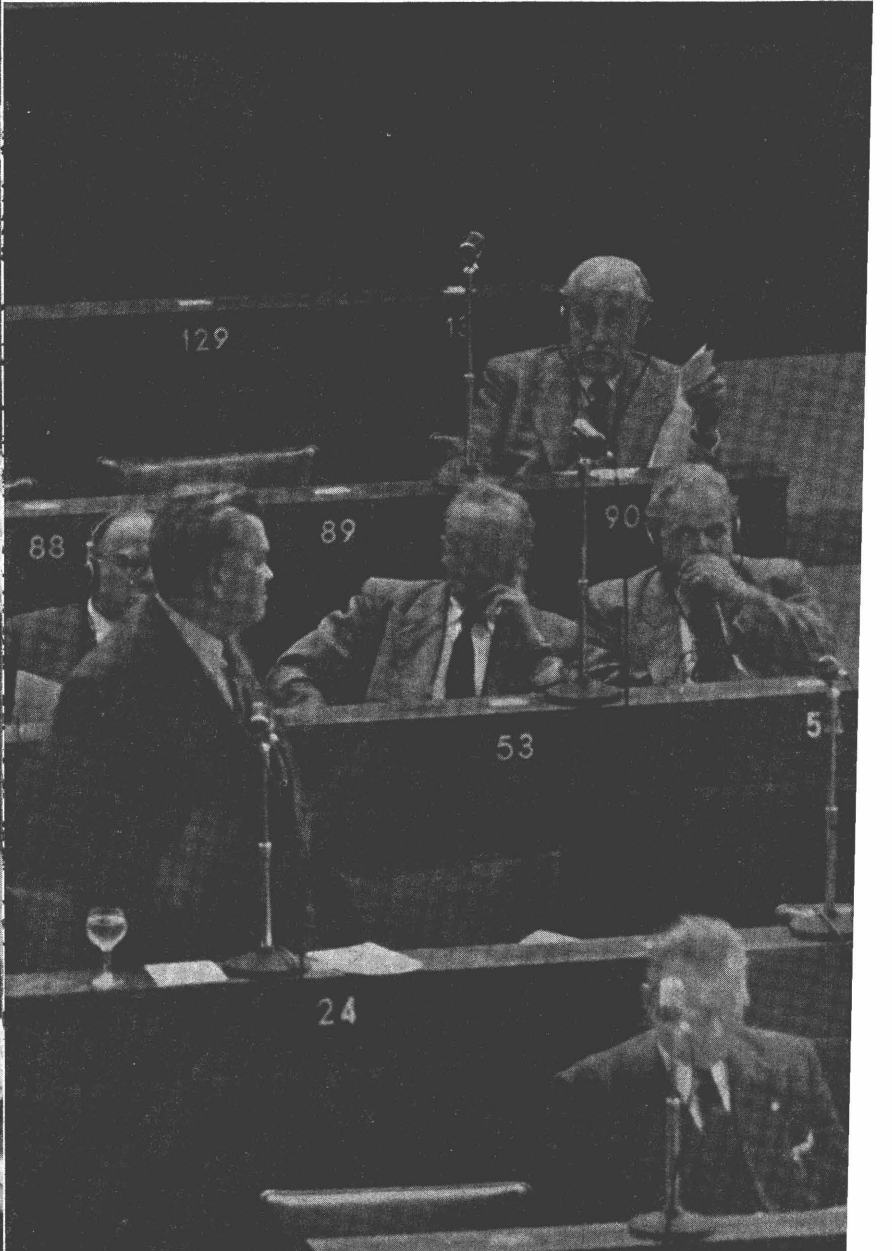
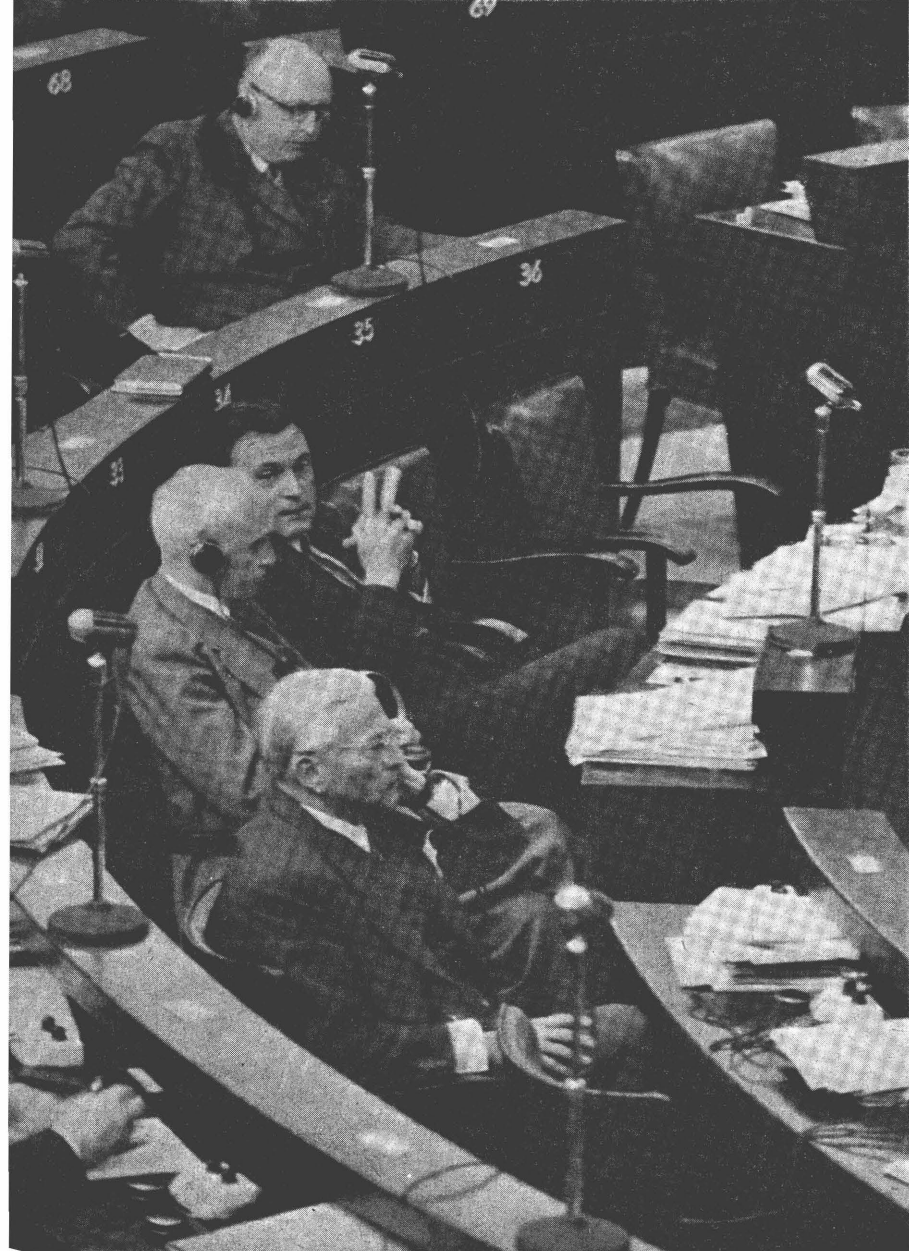


*Paul Finet, third President of the High Authority.*



*Piero Malvestiti, present President of the High Authority.*







### The European Parliament

The High Authority must submit its actions to the judgement of a parliament known originally as the Common Assembly — a body which now serves all three Communities under the name of the European Parliament. Although it is not yet elected by direct universal suffrage, the Parliament represents the people, and not the Governments, of the Community countries. It functions similarly to a national parliament, and its members very quickly divided up into party, rather than national groups — Christian Democrats, Liberals, and Socialists. Although these groupings took place purely of their own accord, they have been given official recognition. While the member Governments have not granted it a legislative rôle, the European Parliament exercises a very real influence and by passing a vote of censure it can compel the High Authority to resign as a body. Its normal rôle, however, has been to keep the High Authority alive to its responsibilities and to spur the member Governments on towards completing European integration. Through Members' questions, written and verbal, and through its committees and regular full-scale debates, the Parliament is able to bring a real influence to bear on the High Authority's activities and plans, quite apart from the ultimate weapon of censure.

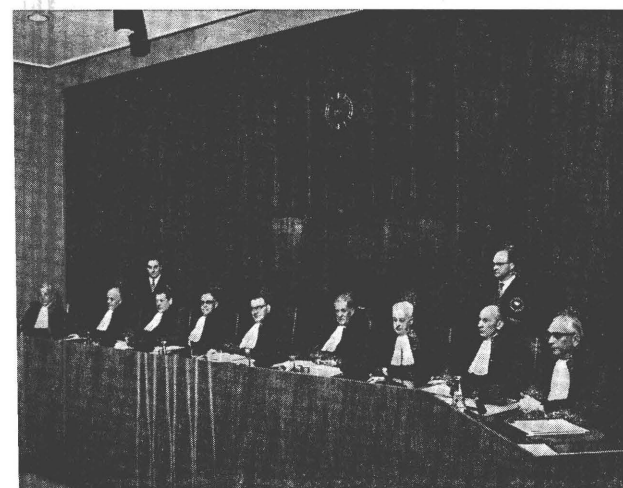
When eventually Members of the European Parliament are directly elected (at present they are nominated by the individual national Parliaments), its standing and influence, and also the sense of unity among ordinary citizens in the six countries, are likely to be further enhanced.

### The Council of Ministers

The Council of Ministers is the institution through which the national Governments put forward their views, which the High Authority must accept in certain cases specified by the Treaty. Some such institution was essential as a meeting-ground between the Governments — which retained sovereign powers over general economic and social policy in their countries — and the High Authority, which was invested with powers over the coal and steel industries of the Six. Government and High Authority representatives discuss their problems in the Council from a European angle and in a European framework — for the Council is not simply a meeting of Ministers, but a Community institution with a Community procedure and Community voting rules. While certain decisions must be taken unanimously, others require only a straight, or at most, a qualified majority.

### The Court of Justice

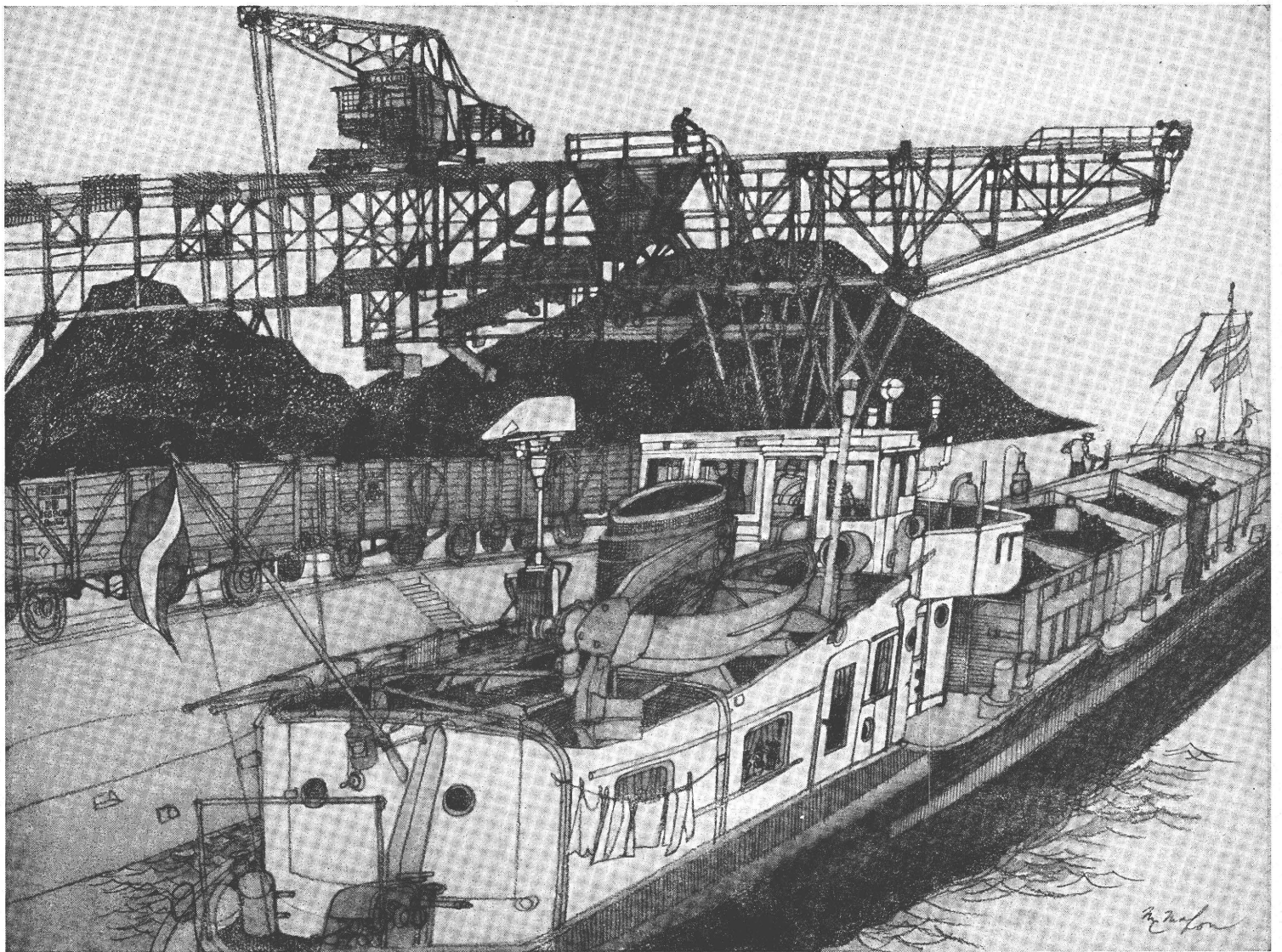
The fourth institution — now, like the Parliament, common to ECSC, EEC and Euratom — is the Court of Justice. Since the High Authority's decisions have force of law in the six countries, it is obviously essential that those affected by them — Governments, firms, or private individuals — should have a right of appeal to ascertain if the Treaty is being interpreted and implemented correctly in accordance with the rule of law. The Court has built up over time a body of case law, combining the elements of the various national systems, which is now a major source of Community law.



The European Parliament, the Court of Justice and the Council of Ministers (opposite and above), together with the High Authority, form the basic institutions of the Coal and Steel Community. They have grown in experience, strength and dynamism throughout the ten years of the ECSC's existence, and have served as models for the institutions of the other Communities. They also provide the embryonic structure for a future federation of Europe.



# THE FUTURE



The last ten years constitute only the first stage in the life of ECSC. There is still much to be done in many fields. At the moment of writing, two problems are very much to the fore: one internal — the question of a common market for energy, and the other external — Britain's relationship with the Community.

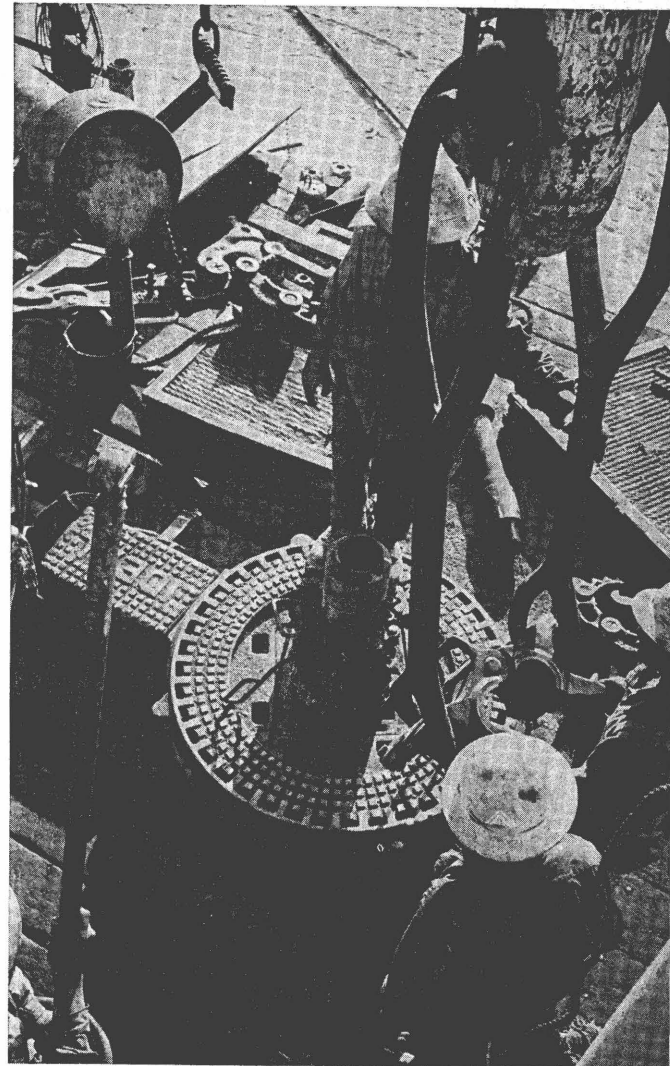
## TOWARDS A COMMON ENERGY POLICY

Of the two ECSC sectors, coal is the more vulnerable. When the coal market first started to sag in 1957, it was thought to be only a cyclical downturn. But before long the fact had to be faced: what was happening was in fact part of a radical structural change. Sales outlets for coal are of two kinds, "competitive" and "specific." On the competitive side — where there is a choice of fuels for any particular use — coal is up against vigorous rivalry from fuel-oil and natural gas, both of which are at once cheaper and more convenient to use. In competition, therefore, with other fuels, especially in industrial and domestic uses, the long-term outlook for coal is particularly uncertain. In specific uses — where coal is the only suitable fuel — the position is, of course, better. But even in such traditional markets as those represented by power-stations and blast-furnaces, European coal does not have the field to itself. American coal, mined under much easier geological conditions and therefore cheaper, is now being marketed in Community countries. In addition, substantial savings are being made in coal consumption as a result of fuel-efficiency research.

It has thus been apparent for some years that coal's difficulties can never be cleared up without comprehensive arrangements covering all forms of energy. Ten years ago coal still accounted for 70% of all energy consumed in the Community: today the proportion is less than 50%, and by 1970 it is expected to be down to 35%. Coal is becoming increasingly only one of several competitive sources of energy, and some of the others — notably oil, natural gas and nuclear power — are constantly expanding their actual or potential share of the market.

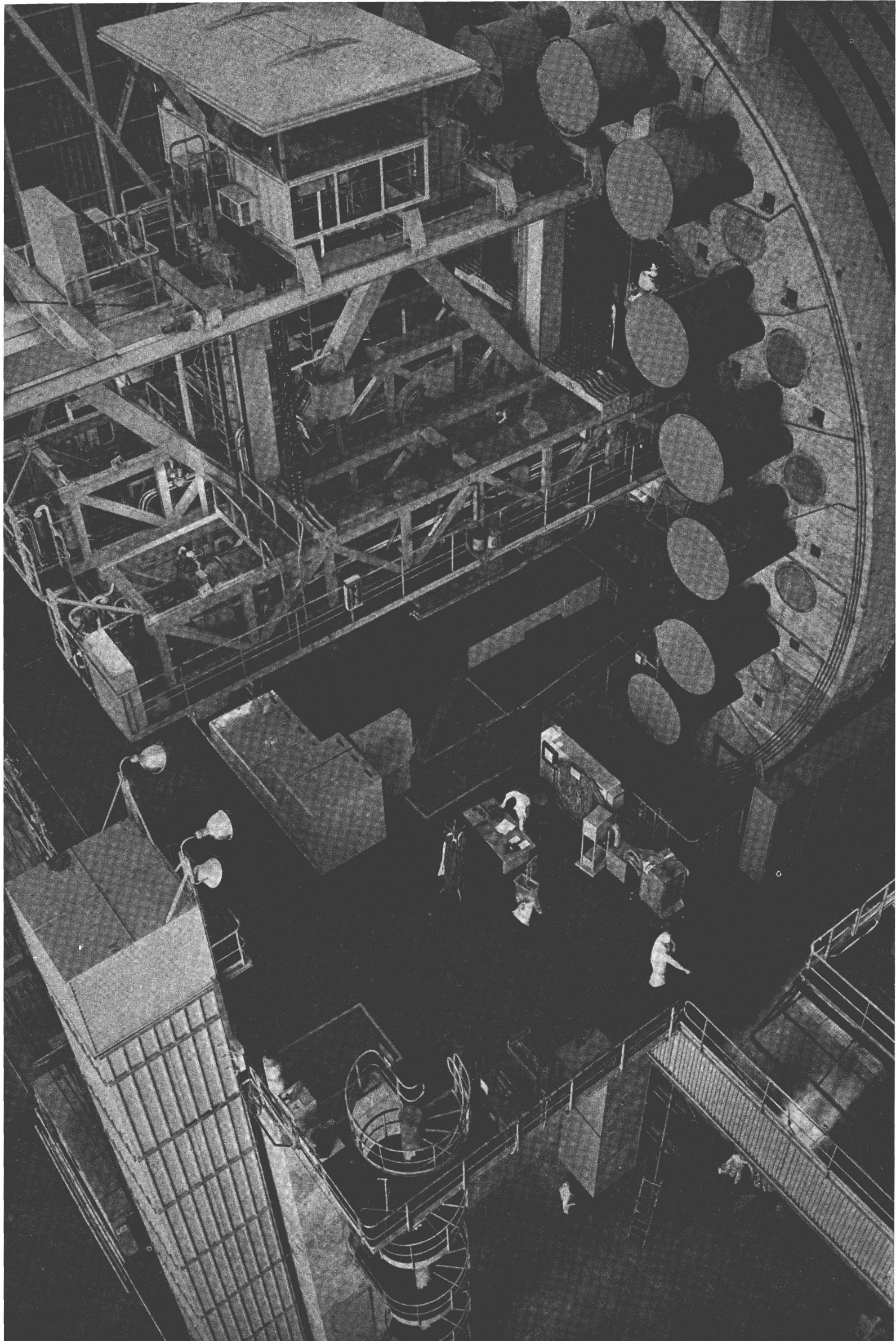
Separate policies for the different sources of energy could invite serious economic and social difficulties if any particular form of energy were treated more or less favourably than the others. This could be averted only by a consistent energy policy covering all forms of energy. Since none of the three Communities was responsible for the whole energy field, however, their first joint act was to set up an Inter-Executive Committee composed of representatives of ECSC for coal, E.E.C. for oil and gas, and Euratom for nuclear energy. A High Authority representative took the chair. Successive sets of proposals were hammered out by the Committee, the latest of which is now being examined by the Council of Ministers.

What is the particular difficulty about framing a Community energy policy? In broad terms, opinion differs among the member countries according to whether they are coal producers or not. The producer countries emphasize the need for *reliable* energy supplies, while the others point out the importance of *cheap* supplies. These are, of course, very natural reactions. As economic integration proceeds, whether it be partial or overall integration, divergences of interest



Heavy competition from new sources of energy — today oil, tomorrow nuclear power — has radically altered market conditions. Coal, formerly Europe's major source of energy, has had to give ground to its rivals. Without a common policy, covering the whole Community and all forms of energy, it will be impossible to plan the inevitable re-orientation of coal producing areas. Above: oil prospecting in the Sahara.





*Atomic pile.*



are bound to appear as a result of differences in past history, natural resources and economic structure. These difficulties can only be overcome gradually and by stages.

As a solution to the energy problem, the Community Executives have proposed a phased transition to a common policy similar, for example, to the process by which the European Economic Community is introducing the common agricultural policy in another exceedingly difficult sector. These proposals, involving an open market for oil and support for coal, were contained in the *Memorandum on Energy Policy* which the Inter-Executive Committee submitted to the Council of Ministers in June 1962. Putting the proposals into effect, however, would require modification of the ECSC Treaty, since its provisions were intended mainly to deal with cyclical difficulties, not a full-scale structural crisis. The Executives state that they regard a common energy policy as indispensable, and their Memorandum for the first time advocates a common approach which, if it is approved, will involve recasting parts of the Treaty to make them more flexible and more effective.

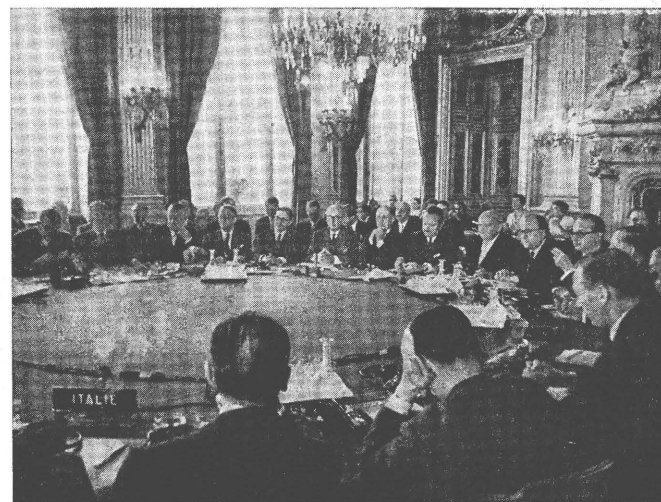
## BRITAIN'S APPLICATION FOR MEMBERSHIP

ECSC's second major concern has been the application of Great Britain, followed by those of Norway and Denmark, for membership.

Following the Schuman Declaration in 1950, Britain momentarily considered joining the Community but finally decided to hold aloof. Then the Community got under way and common markets for coal and steel were set up. From the very earliest days, the British Government appointed an ambassador in Luxembourg specially accredited to the High Authority; subsequently on November 17, 1952, a Joint Committee was set up to organize cooperation between the High Authority and the British Government. Two years later, on December 21, 1954, an Agreement of Association was signed between the Six and Britain which established a Council of Association meeting at regular intervals to discuss all matters of common interest.

Finally, in July, 1961, came Britain's decision to open negotiations for membership of the Common Market, followed, on March 2, 1962, by her official application to join ECSC. Negotiations began on October 4, 1962, only to be broken off after the suspension on January 29, 1963, of the Brussels negotiations for British entry into the Common Market (EEC). At that moment steel questions had been substantially settled, while the essential problems involving coal had hardly been touched on.

The ECSC was the pilot-plant of European unification. In this first of the European Communities, six countries first learned to pool their problems and to practise the give and take which alone could provide common solutions to them. The ECSC has also pioneered the path towards a wider Community, based on solidarity within its frontiers, and open to any European country ready to accept the Treaty which binds it together.



**Britain negotiates with the Community.** Through its previous cooperation with Britain, and through Britain's association agreement with the Coal and Steel Community, ECSC prepared the way for Great Britain's approach to Europe. Above : Lord Privy Seal Edward Heath during the ECSC negotiations in Luxembourg, which ran concurrently with the Common Market negotiations in Brussels (lower photo). The negotiations with Great Britain were suspended in January 1963.



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A CIVITATE LYXEMBYRGENSI TRADITO IN VSYM  
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QVAM FOEDERE DIE XII MENSIS APRILIS MDCCCCLVII ICTO  
BATAVI BELGAE GALLI GERMANI ITALI LYXEMBYRGENSES  
CENSVERANT INSTITVI OPORTERE,  
INAVGVRANDO PRAEFVIT.  
ADERANT EX SEX NATIONIBVS  
ET LITTERARVM ARTIVMQVE LIBERALIVM ET EXTERNARVM RERVM  
SVMMI MODERATORES,  
PRAESIDES INSTITVTIONVM COMMVNITATIS EVROPAEAE CARBONIS FERRIQUE  
EORVMQVE COLLEGAE CLARISSIMI.  
DIE XI MENSIS DECEMBRIS MDCCCCLVII

*Plaque commemorating the inauguration of the European School in Luxembourg, December 11, 1957.*

**Messages :**

Robert Schuman . . . . .	4
Jean Monnet . . . . .	5
Piero Malvestiti . . . . .	6

**THE BIRTH OF ECSC**

The French Government's declaration of May 9, 1950, launches the movement for European integration. It is warmly welcomed by Germany, Italy and the Benelux countries . . . . .	10
---	----

**THE BALANCE-SHEET**

**The common market for coal and steel :**

Establishment of a competitive system, Community rules and long-term objectives for coal and steel. Economic links between the Six multiply in a climate of general expansion and without harmful effects on other countries . . . . .	18
--	----

**Economic results**

Without harming the economies of other countries, the common market for coal and steel becomes a reality; trade increases, fluctuations in activity even out . . . . .	20
--	----

**Readaptation and industrial redevelopment**

The right to work is recognized and guaranteed. New opportunities for employment are created in depressed areas. Workers' living standards are improved . . . . .	23
---	----

**A Community approach to social problems**

In the framework of the Six Governments' general policies, the ECSC contributes to the improvement of living standards in the Community . . . . .	27
---	----

**The growth of joint research**

Scientific and technical research is encouraged and coordinated by the Community for the benefit of all member countries . . . . .	30
--	----

**Bridgehead for a united Europe**

Coal and steel forms the pilot-plant of European unity. Through ECSC a new spirit of Community solidarity is born . . . . .	32
---	----

**The Community model**

The organization of ECSC, built round four main institutions (High Authority, European Parliament, Council of Ministers, Court of Justice), serves as the model for the new European Communities . . . . .	35
--	----

**THE FUTURE**

**Towards a common energy policy**

The difficulties experienced by European coal, in competition with other sources of energy, make a Community energy policy all the more necessary . . . . .	39
---	----

**Britain's application for membership**

Through its increasingly close relations with Great Britain, ECSC began the dialogue between the British Isles and the European continent . . . . .	41
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Layout : Entreprise et Art, Paris

Drawings : F. McMahon

Photographs : Pierre Belzeaux, L. Falquet, Hermann Harz, Keystone, Kryn Tagonis-Magnum, Kutter & Fils, Life Photo, Théo Mey, Photo A. F. P., Publiphoto, Réalités (E. Boubat, J. Ph. Charbonnier, M. Desjardins, J. L. Swiners), Son et Lumière, Tschira'Interphot, Yan.

Printing : Erasmus, Ghent

PUBLICATIONS SERVICE OF THE EUROPEAN COMMUNITY

