



# EUROPEAN COMMUNITY

## FOR COAL AND STEEL

B U L L E T I N

No. 5 INFORMATION SERVICE, HIGH AUTHORITY, LUXEMBOURG May 1954

### THE HIGH AUTHORITY REPORTS TO THE ASSEMBLY

On May 21st, a vote of confidence in the High Authority was unanimously passed by the Common Assembly, whose 78 members are elected by and from the Parliaments of the member states of the Community. The resolution, in 46 points, was the outcome of a ten-day debate on the second Annual General Report on the activities of the Community, submitted by the High Authority to the Assembly a month earlier (1).

During the session, the High Authority stressed the substantial progress made in the first full working year of the common market in developing the Community's institutional machinery and economic policy. The Assembly approved the work so far done, but stressed for the future, the High Authority's need to develop further its social and cartel policies; the Assembly's need to develop further its parliamentary functions; and the Community's need to develop further its unifying influence over the general economic policies of the member states as a whole.

The High Authority also reported on Community progress to a Joint Meeting of the Common Assembly and of the Consultative Assembly of the Council of Europe on May 19 and 20. Association with Britain in particular was discussed.

This Bulletin attempts to outline, by quotation, the main drift of events

and opinions during the debate in the Assembly - and in the Joint Meeting - as well as to indicate the extensions of policy announced by the High Authority.

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(1) The Assembly can oust the High Authority by a two-thirds vote of no confidence passed on the Annual Report. A summary of the Report was contained in Bulletin No. 4.

## 1. THE COMMUNITY'S INSTITUTIONS

Jean MONNET, President of the High Authority.

Opening address, May 12.

«Our Coal and Steel Community is now a reality...Our experience has shown that it is possible to create a United Europe and that the way to do it is to pool our resources and to set up common institutions by transferring sovereignty to them and granting them the power of decision. In accordance with the rules laid down by the Treaty, the High Authority today submits a report on the progress made during the past year to your sovereign Assembly.»

The COMMON ASSEMBLY,  
Resolution, May 21, Art. 2.

«The Common Assembly is glad to record that cooperation between the High Authority and the Assembly has developed favourably during the past year, both by exchanges of views and by the increasingly frequent transmission of working documents.»

The COMMON ASSEMBLY,  
Report of its Common Market Commission (p. 7)

«The Common Market Commission has decided henceforth to meet every two, or at least every three months» to discuss High Authority policy.«The Commission wishes to thank the High Authority...the members of which have always furnished abundant information and been willing to discuss its policy. Nevertheless...these discussions have too often stressed action already taken by the High Authority or questions raised by members of the Commission. The High Authority has not provided sufficient opportunity to debate the directing principles of its work or the outline of its future plans.»

Fernand DEHOUSSE,  
Belgian Socialist, May 14

«Our Assembly is half-way between the superseded bodies of a strictly consultative nature, and a true international Parliament...Our Assembly will not be a true Parliament until its members are elected by the peoples and the institutional links between the Assembly and the High Authority, as they emerge from the Treaty, have been revised.»

The COMMON ASSEMBLY, Special Resolution, moved by Fernand Dehousse and Gerard Jaquet, French Socialist. Approved by 39 votes to 9, May 19.

«The Common Assembly acknowledges with satisfaction the declaration of the six Ministers of Foreign Affairs, dated 4th May, 1954, by the terms of which the six governments will, immediately after the European Defence Community comes into effect, take the necessary steps to replace the present Common Assembly by an Assembly elected by direct universal suffrage, with a view to reinforcing democratic control over the European communities now in existence, or in process of creation.»

## 2. FOREIGN RELATIONS: ASSOCIATION WITH GREAT BRITAIN

The COMMON ASSEMBLY,  
Resolution Article 13.

«The Common Assembly expresses its wish that no effort be spared by the High Authority so that negotiations with the United Kingdom may establish as soon as possible the close and lasting association envisaged by the British Government and the Community.»

George CHETWYND, British Lab. M.P. for Stockton-on-Tees; Joint Meeting, May 20.  
{Extract from Summary Report}.

«Action must now be taken to effect closer association. A year ago it might have been premature to consider this, but the effectiveness of the High Authority in the last year has now made the matter

urgent. The Community has come to stay. . . On the other hand, the forthcoming negotiations between the High Authority and the British Government are bound to be long and protracted. . . There are difficulties and opposition in the steel industry to be overcome. The possibility of a close association is good. Nonetheless, the association must be between the High Authority and the British Government, and not between groups of producers.

The three proposals of the High Authority to Britain are: 1) a reduction of tariffs; 2) the establishment of procedures for common action;

3) joint institutions for watching over common problems (2).

Does not the first of the proposals amount to putting forward the suggestion for a common market under another guise? The proposals seem to involve the full participation of the United Kingdom in the Community. They are not clear, and need elucidation.

#### SUPRANATIONAL POLITICAL GROUPS

The members of the Common Assembly have formed themselves into 3 political groups cutting across nationality: 1) the Christian Democrats, with 38 members; 2) the Socialists, with 23 members; 3) the Liberals, with 11 members.

Jean MONNET,  
Joint Meeting, May 20.

«The negotiations between us will be long. But if you are ready to break down, one after another, the difficulties you have mentioned.

I am convinced our efforts will not have been vain. If it is true that the industries do not want change, yet when we have shown that the Community in practice helps to build a better future, they will be ready to take steps in the direction of the association we propose. As for the notion that we could, from Luxembourg, close down plants and mines by decree, allow me to say that is a phantom. As for tariffs, it is precisely one of the essential rules of the Community that measures be taken to prevent the dumping and discrimination you seem to fear.

«You say that in our letter to the British Government we ask for full membership. No, on the contrary. . . We have made a special effort in that letter to go as far as possible to find a form of action for which an abandonment of sovereignty is not a necessary precondition. We have explicitly spoken of an option. When, for instance, the British Government would in certain fields wish to take a decision, they would give us the option of discussing it with them and seeing whether we could follow the same line and vice versa.»

### 3. THE COMMON MARKET'S DEVELOPMENT; CARTELS

The COMMON ASSEMBLY,  
Resolution, Article 14

«The Common Assembly records with satisfaction that the common market has developed favourably during the last year.»

Giuseppe PELLA, Italian  
Christian Democrat and ex-  
Premier; May 14.  
(Extract from Summary Report).

«The common market has been set up. Considerable increases in trade have been registered both for coal and for steel and scrap. As for prices, there has been a per-

(2) The exchange of letters between the High Authority and the British government can be obtained:  
a) in the original texts, from the High Authority; b) in English, from the Stationery Office, London,  
White Paper, Command 9147

ceptible levelling-out for coal; the prices of steel and of iron ore are below the level obtaining before the establishment of the common market. For scrap, Italy in particular has reaped great benefits from the High Authority's policy (3). Quotas, customs duties, double prices and discriminatory freight rates have been suppressed or are on the point of being suppressed. It is necessary to add the loan agreement with the Export-Import Bank to this favourable balance sheet. As for the road ahead, the most important aim to achieve is the full integration of the common market. . .»

Jean MONNET; May 12

«There can be no real common market on the basis of prices fixed by national organizations, let alone on the basis of buying and selling which is centralised through national organizations...As regards coal, the High Authority is this week writing to these organizations...to open the necessary discussions on the ending or modifying of their activities incompatible with the Treaty. With every measure it takes, the High Authority is firmly resolved to give particular thought to the repercussions such measures may have on employment. The measures which the High Authority will have to take will affect organizations in several countries and will be simultaneously initiated».

«The present selling system in the Ruhr, where a single organization (GEORG) controls six selling agencies, cannot be authorized... Certain activities of the Belgian coal selling agency (COBECHAR) are likewise not in accordance with the provisions of the Treaty. Further, the High Authority is contacting the French Government over measures to be taken with regard to the ordinance under which the French coal importing agency (ATIC) conducts its activities».

«Time is necessary in applying these measures, and while waiting for them to produce their results, the High Authority considers that it cannot free coal prices in the major coalfields of the Community». (At present price ceilings are maintained in the Ruhr and, in France, in the Nord-et-Pas-de-Calais coalfields; see Bulletin No. 3, pp. 1 - 2).

G,M, NEDERHORST,  
Dutch Labour Party; May 14

«The argument of the High Authority that it is better that it should fix price ceilings than that the cartels should do so, seems extraordinary feeble and dangerous. The High Authority, it is true, has maintained the price-ceiling system but, for certain categories of coal, prices have fallen. This has led to criticism of it both from those who see in its policy only a proof of weakness before the cartels, and from those who support the maintenance of price-ceilings and have objections to make against the present level of prices.(4)

«Does the Treaty imply free competition in the field of coal? . . In present circumstances, free competition in coal seems to be impossible, in the first place because, in the Ruhr, production is concentrated in a single region, which tends strongly to exaggerate the inevitable social repercussions of free competition, and in the second place because coal production requires fairly stable outlets, which cannot be obtained under a system of completely free competition. Regulated competition is indispensable in the coal industry...The High Authority seems to be insufficiently convinced that the liquidation of the cartels must be accompanied by new steps in the other direction. Yet, in place of the cartels, it could create new bodies of a public character. . .»

(3) Three-quarters of Italy's steel production is made from scrap. The common market has ensured Italy constant supplies of scrap, while High Authority policy has not only prevented speculation on scrap prices, but also contributed to their fall.

(4) The Dutch Government has appealed to the Community's Court of Justice against the High Authority's decision to maintain some price ceilings at a time when there are no shortages of coal.

E.M.SASSEN, Dutch Catholic People's Party; May 15th, speaking on behalf of the Christian Democrat group in the Assembly

«As regards cartels, too little has been done too late for too long. The court will judge the High Authority's decision to fix maximum prices for certain categories of coal. . . We do not deny that the regulation of industry may often be useful both in the economic and social fields. So the High Authority cannot overnight prohibit all the cartels. . . We want to liquidate what is inadmissible and reform what is useful.»

Victor Emmanuel PREUSKER, German Free Democrat (Lib); May 15th

«People generally fear change; that is why it is necessary to proceed slowly. . . A more flexible approach would be to split the question into the national problems it raises. It is not necessary to demolish everything that exists, but to reorganize what we have inherited from our predecessors.»

Joachim SCHÖNE, German Social Democrat; May 15, speaking on behalf of the Socialist group in the Assembly

«The market system for coal and steel must always be one of regulated free competition. . . This does not imply approval of cartel agreements. . . On the contrary, coordinated competition, normal competition, requires new coordinating bodies. . . We would have liked the High Authority to tell us why (the existing coal cartels) do not conform with the spirit of the Treaty, and what are the criteria which would distinguish such new forms of organization.»

P.A. BLAISSE, Dutch Catholic Party; May 14

«What is the High Authority's plan of action for the ending or modifying of the Ruhr cartel, and what is the end date fixed for the carrying out of this plan?»

Franz ETZEL, Vice-President of the High Authority; May 17

The High Authority «does not yet at present know whether it must take steps to bring these organizations to an end or whether, and how far, they can be modified. . . We intend to close our preparatory work in September, and believe that we shall then have a basis on which to take our decisions.»

The COMMON ASSEMBLY, Resolution, Article 20

«Approves the fixing by the High Authority of a time-limit within which results (on cartels) must be obtained.»

#### 4. INVESTMENTS; U.S. LOAN

Jean MONNET; May 12

«The conclusion of this loan (Note: the United States loan was signed on April 23, for \$ 100 million, at 3 7/8% repayable in 25 years) (5) is, above all, an obvious recognition of the credit of our institutions: the political credit of the Community as a whole, and the financial credit of the High Authority, which from the very beginning had declared that its levypolicy would lead to establishing the bases of a new European credit which would bring benefits to the Community's enterprises such as they could not individually obtain.»

«The financial terms of the loan granted by the American Government furnish proof of the reality of this credit. The interest rate and the amortisation period are better than any other foreign borrower has obtained in the United States within the last two years. This agreement does not mean the end of our negotiations with the American Government - it is merely the completion of one stage. The negotiations will continue with a view to finding, through common efforts, new methods by which, with the help of the United States Government, private capital can be mobilised for the Community's coal and steel investments.»

M. de GASPERI, President of the Assembly

M. Alcide de Gasperi (Christian Democrat), the former Premier of Italy, was unanimously elected President of the Assembly on May 12th. M. de Gasperi succeeds M. Paul-Henri Spaak, the Belgian Socialist leader, who has, since the last general elections in Belgium, become his country's foreign minister.

The Vice-Presidents are the same as for 1953/4; see Bulletin No. 3 p. 7

(5) The full text of the agreement can be obtained, in the original English or in any of the Community languages from the High Authority.

«The High Authority is now in a position to make an effective contribution to the enterprises» of the Community «in the financing of their investments. It intends to do so either by borrowing directly and relending the borrowed funds to the firms, or by guaranteeing loans contracted directly by the enterprises themselves. This first phase of its activity will immobilise only a limited part of the guaranty fund which the High Authority is gradually building up with the proceeds of the levy» ( \$ 35 million should be in the guaranty fund by the end of June). «The High Authority hopes in particular that while the American loan, which is earmarked for the raw material sectors » (coal, iron ore, coke), «is being allocated, it can utilise in Europe another part of its financial capacity for the benefit of the steel industry».

## 5. LABOUR PROBLEMS A: HOUSING

Jean MONNET; May 12

The High Authority has «set aside . . . a substantial portion of the United States loan for financing the construction of housing for the Community's miners. It has decided in principle to earmark \$ 25 million for this purpose. On the supposition that the financial contribution of the High Authority represents one quarter of the cost of financing the programmes in question, this amount means that from twenty to twenty-five thousand housing units can be started at once within the Community». (6)

Willi BIRKELBACH

German Social Democrat; May 13  
(Extract from Summary Report)

A sub-committee of the Social Affairs Commission of the Assembly in February carried out an on-the-spot inquiry of the worker's housing situation in the Community: «the inquiry showed that in all the coalfields wretched and overcrowded dwellings are to be found, houses that are in ruins, and lodgings situated too far away from the working site. In such conditions, it is difficult to establish priorities in the construction of housing. The observations so far made allow one, on the other hand, to affirm that houses built since the second World War completely fulfil minimum requirements. Housing units built with the financial help of the Community must embody an improvement and provide a higher standard of living for workers».

Amintore FANFANI, Italian Christian Democrat and ex-premier; May 13  
(Extract from Summary Report)

«The problems raised by the need to maintain stable employment remain grave. . . It will be necessary to seek with more realism the ways of diminishing the drawbacks of transfers of workers. So that this transfer can occur without dangers, professional training must be standardised, a blanket labour code must be drawn up, long-term policy coordinated, houses built». For housing «\$ 25 million will not suffice, and it will not be enough either to make loans to enterprises. It would further be necessary to raise \$ 75 million, which might be collected in five years, through annual subscriptions amounting to \$ 8 1/2 per employed worker, to be paid by the firms. This sum should be used, according to need, by one or more cooperatives grouping all the firms of the Community in a sector or a zone».

## B. FREE MOVEMENT OF LABOUR

Jean MONNET; May 12

«There is yet another barrier (to a fully-integrated common market) which must be eliminated: the obstacles to the free movement of labour working in our industries. Preliminary work has resulted in proposed solutions to this problem, and these results are now to be submitted to an inter-governmental conference (see p.9 «The Month Past».)»

We appeal to all the governments, employers and workers, to face this major problem without reservations and with an open mind. We know very well, and they must understand as we do, that movements of labour between our six countries will not be on a very large scale: too many habits, too many personal attachments, prevent such

(6) The High Authority's aim is to contribute to the building of 100,000 miners' dwellings in the next 4 - 5 years. The average cost of a worker's house in the Community is about \$ 4,000, though there are considerable variations from country to country.

movements. But if equal progress towards a better standard of living which the Treaty promises is to be achieved, these movements of labour must be made possible, and workers must know that they can seek better-paid work elsewhere».

Jacques VENDROUX, French  
URAS (Gaullist); May 14

«I cannot without reservation agree that complete freedom of movement be granted to labour. . . A worker must be sure to find employment when he arrives in a new area. How can he have that guarantee without the rights of other workers being infringed, as well as the employer's freedom to employ anyone he pleases ? Finally, the worker must be sure of finding, if not a house, at least some kind of living facilities; but the present lack of housing is well-known. . . In these circumstances, the unlimited application of the principle of free movement would pose grave social problems, the solution of which would ultimately rest with the host country».

Alfred BETRAND, Belgian  
Social Christian Party;  
May 15

«I am not in agreement with M.Vendroux on the free movement of labour, for I do not believe that a mass migration would take place. If there is free movement for goods and capital there should be the same freedom of movement for workers. All the workers in the Community should have an opportunity to go where they can find, in their opinion, the best social conditions».

Giuseppe TOGNI, Italian  
Christian Democrat; May 13

«I appreciate particularly the good will of the High Authority in this matter but I think that it is urgent to make a concrete appeal to the member states of the Community in order that they may without delay give real effect to the obligations they have undertaken under art. 69» (concerning the free movement of labour). «The Treaty must be fully applied as the separate governments have committed themselves by signing it, and the Parliaments by ratifying it, thereby recognizing its finality and aptness».

### C. RESETTLEMENT OF WORKERS

Jean MONNET; May 12

«The High Authority is already studying jointly with several of the governments, the problems of the resettlement of labour arising in various countries as the result of shifts in production necessary for progress. The first resettlement scheme is already under way for French coal miners from the mines of the centre and the south. I would like to stress here that this action was examined in detail, and is now being carried through with the close cooperation of the workers themselves. The workers changing their employment will receive substantial resettlement allowances; they will have their moving expenses paid, and will be assured both of housing and more productive employment» (7)

### 6. COORDINATING POLICIES OF THE COMMUNITY AND MEMBER STATES

2nd ANNUAL REPORT  
(p. 21, English edn.)

On October 23, 1953, «the six governments of the member states», in the Council of Ministers, «agreed to examine jointly with the High Authority their general expansion and investment policy».

Heinrich DEIST, German  
Social Democrat; May 14

«If we do not manage by a general policy of expansion to make our peoples buy more cars and refrigerators, we will not bring about the increase in the consumption of steel that we desire. . . A common economic policy for the countries of the Community must not remain a dead letter; here is an urgent problem requiring the speediest solution. The developments during the recent months of stagnation - in the European Payments Union, for instance, in the growth of creditor and debtor balances - are proof

(7) About 5,000 miners may become redundant in these coalfields in the next 3 years. There are ample employment opportunities for them in the rapidly developing coalfields of eastern France in Lorraine where productivity is the highest in the Community. The workers are not being compelled to move under threat of dismissal.

that a healthy European economic collaboration is possible only if all countries join equally in the expansion of the economy».

« . . . I do not think it too much to say that, in the economic as in the social field, in the budgetary and accounting field as well as in the publicity given to all reports, we (in the Community) are engaged in practical action which is the emblem of a forward social and economic policy. Sometimes I am brought to wonder whether we realise that by taking such decisions we are imposing on ourselves an obligation at home to urge our national parliaments and governments to carry out a similar progressive economic and social policy, in order to bring into harmony the development of the Community and that of the economic policy of our countries ».

The COMMON ASSEMBLY,  
Resolution, Article 40.

«The Common Assembly asks the High Authority to stimulate and to coordinate without further delay in the various countries of the Community and through the Council of Ministers (8), a policy at once of economic expansion and of development of the outlets for coal and steel ».

## 7. EUROPE'S START.

Jean MONNET; May 12

«Everyone can now see that our experiment has produced results. . . In the last analysis, this start to Europe has been less difficult than a good many people believed it would be. In less than two years, it has produced tangible results without the catastrophes which were sometimes predicted. There are only a limited number of adjustments to be made - there are, after all, no great differences in the ways of life of the countries of Western Europe. - There are, in fact, greater differences within each one of our countries than there are between the countries of the Community.

«It is only the fear of change which is holding us back. And yet the welfare of us all depends upon this change. Surrounded by the United States, which alone account for half of world production, by a Russia in progress and an Asia on the move, how could Europe possibly hope to evade the need for change? We can only choose between changes which move us about like puppets, and changes which we ourselves can foresee and achieve. At this moment when the peoples of Europe are looking to their future with a feeling of uncertainty and concern, the High Authority asks your Assembly to give them the message that the unification of Europe, with all the hopes it brings, is possible and that it is being achieved ».

(8). Council of Ministers, in which the representatives of the governments of the member states - one from each - meet to harmonise the policies of their countries with that of the Community.



## THE MONTH PAST

- APRIL 23            Loan agreement signed between U.S. government and High Authority. Amount: \$ 100 million. Terms: 3 7/8 % interest repayable in 25 years. Agent for the loan: Export - Import Bank.  
Loan negotiations to continue to seek means of mobilising new private capital, with the assistance of the U.S. government, for investment in the Community.
- MAY 3                Exchange of letters between British government and High Authority published on talks for association between United Kingdom and Community. High Authority letter of Dec. 24th 1953 proposed association based on I) reduction of tariffs and quotas II) convention containing rules of association III) procedure for common conception of policy on matters of common interest, with ability to opt out on common action in cases where it proves impossible IV) common institutions, including a «Council of Association», to implement these provisions. British letter of April 29th 1954 invites High Authority representatives to London for preliminary discussions. High Authority accepts invitation, April 30th 1954. Visit expected for late June or July.
- MAY 4                Foreign Ministers of member states sign agreement that when the European Defence Community comes into effect, they will take necessary steps to ensure that the Assembly common both to the Coal-Steel and the Defence Communities is directly selected by universal suffrage.
- MAY 11 - 21        Common Assembly meets in ordinary session to debate High Authority report on the activities of the Community. High Authority announces, in particular:
- 1) the earmaking of \$ 25 million from \$ 100 million American loan to stimulate the construction of workers' housing, with aim of stabilising labour force and increasing its productivity.
  - 2) fixing of 1 October as end-date for discussion preliminary to High Authority decisions liquidating or modifying coal cartels in Ruhr, Belgium and France.
- Common Assembly unanimously accords High Authority a vote of confidence; welcomes declaration of May 4th (see above) in special resolution.
- MAY 15              In consequence of High Authority statements of policy on cartels, the Dutch government retracts its notice of appeal to the Court of Justice against the High Authority for failure to act against cartels. The notice of appeal, served on March 21st, was due to materials in a case before the Court on May 17th. The Dutch government's appeal to the Court against the High Authority's decision to maintain price ceilings in the Ruhr and Nord-et-Pas-de-Calais, made on March 21st, stands.
- MAY 26              Intergovernmental Conference of member states of the Community, convened by the High Authority, draws up convention instituting a European Labour Card enabling holders to obtain work anywhere in the Community free of restrictions based on nationality. The list of categories of workers entitled to hold the card drawn up by the conference, covers 56 categories of skilled workers and semi-skilled workers in the coal, steel and iron ore industries. It is a first list and may be added to a later stage.

**WEEKS TO COME**

- JUNE 21 - 22** Council of Ministers, meeting to be consulted by High Authority on opening of common market for special steels due for July 1st.
- JUNE 30** Investments Committee of the Assembly meets in Luxembourg, as arranged during Assembly session, to discuss criteria by which the High Authority proposes to lend its investment funds to Community enterprises.
- JULY 1** Common Market Committee of the Assembly, periodical meeting to examine progress of the common market.
- JULY 9** Social Affairs Committee of the Assembly, to discuss workers' housing, free movement of labour etc.
- OCT. 25 - 27** Extraordinary session of the Assembly: it is expected to discuss chiefly the anti-cartel policy of the High Authority.