



Bulletin from the
EUROPEAN
COMMUNITY
for coal and steel

INFORMATION SERVICE • HIGH AUTHORITY • LUXEMBOURG

BELGIUM AND THE COMMUNITY

The price of progress is eternal effort, Because the narrow structure of Europe's national states has discouraged this effort and set them at odds, Europe as a whole has fallen behind in the twentieth century march of progress. It is to overcome this handicap that the European Coal and Steel Community, with its common market covering a six-nation area, was formed as a first step to a united Europe.



For Belgium's 8 million people, who have built up one of the world's highest standards of living and, proportionately, one of its biggest export trades, on coal, this handicap has loomed large. Today, their coal industry designed to make Belgium self-sufficient in coal but kept at its present size only by protection against imports, is much the most expensive in Europe. It raises the cost of the very goods Belgium sells in order to live.

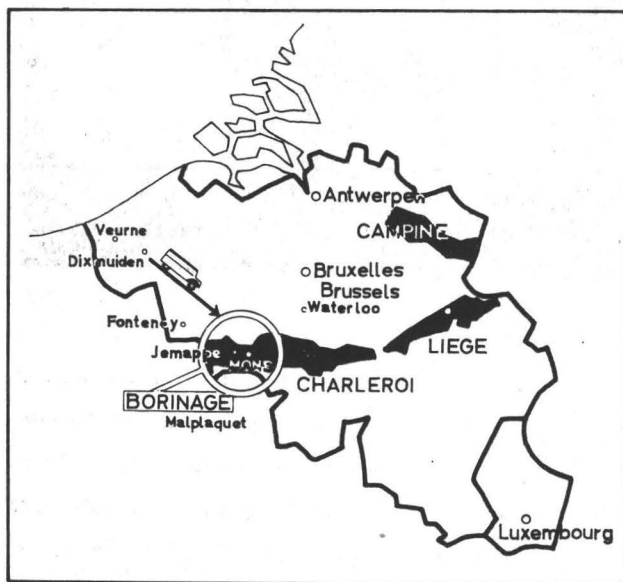
Competition on the common market is already lowering the price of coal for Belgian consumers. But the task of bringing Belgian coal into the common market without disruption and hardship for whole areas which live by mining it has presented a major problem. Special transitional measures were written into the Community treaty to make it possible for Belgium to join and to permit a gradual change in the structure of her coal industry.

An experts' study has just been published on the future prospects of four "marginal" mining companies of the Borinage coalfield in southern Belgium, which are in difficulties. The following report, based on a visit to the Borinage, aims at illustrating the issues and problems raised by the transition from a national to a European market and the new opportunities for progress opened by European perspectives.

BELGIAN COAL

The common market has not created the problems of the Belgian coal industry and of the Borinage in particular. It has simply made acute, problems which had been accumulating for many years and were greatly worrying the Belgian authorities.

In the national framework these problems seemed almost insoluble. For in a Europe of rival national states, each considering only its immediate self-interest, Belgium had to be self-sufficient. Only in this way could she be sure that she had sufficient power resources to guarantee peak production in her export industries during the boom periods when they made their profits. But to be self-sufficient it was necessary to work coalseams which would normally be regarded as uneconomic. It was necessary also to protect the mines working them in periods when supplies were ample and neighbouring countries eager to sell coal in Belgium. High-cost, protected Belgian coal became a classic example of the economic results of a system of rival nations where a full division of labour is made impossible.



The Borinage is the most westerly of the 5 coalfields of Belgium (others: Centre, Charleroi, Liège, Campine). Its centre is Mons, near sites of several great battles of European history. 300 Flemish miners come every day by coach to work in the pits belonging to the Charbonnages Belges - some from Dixmuiden and Veurnes by the sea: 3 hours' drive each day.

The story of the borinage

The Borinage coaldfield can in many ways be regarded as a victim of these conditions. Its history is explained by M. Andre Dupont, chief engineer attached to one of the seven mining companies in the coaldfield.

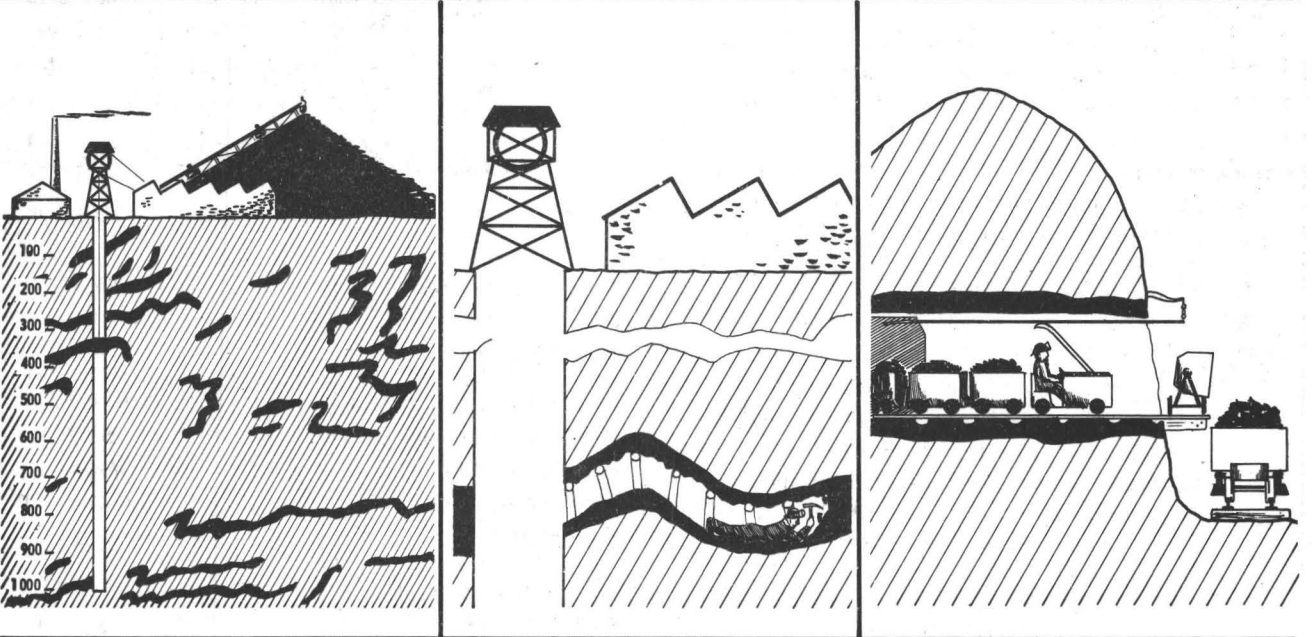
"Our mine goes back to the 17th century, when it was owned by the local seigneur for his own profit and the convenience of his tenants. At one time, it was owned by the Knights Templars, the great crusading religious order and, later, in the 19th century by the great banking family of Rothschild in Paris. But it was a very small affair, only exploited when local demand required it and employing less than a dozen people, until 1840, when the canal from Mons to Conde, servicing the growing industry of northern France, was opened. Industrialisation proper began only after 1870. From then, and especially from 1890, a period of intense prosperity followed, until the outbreak of the first World War in 1914."

"Then came the beginning of decline for the Borinage. The richest veins had been worked, and the irregularity of many of the remaining seams made mechanical extraction difficult - a great handicap in a period of growing mechanisation. But above all the problems were political and financial".

And then M. Dupont told a story which M. Louis Dehasse, President of the Association of Belgian Coal Producers, had also outlined in different words. The gist of the story was that ever since 1914 one or another circumstance had prevented the normal development of the coaldfield; and almost everyone of these circumstances was the result of national divisions and rivalries.

During the German occupation in the first World War the mines produced as little as they could and made few or no investments.

Immediately after the war, the Belgian government found that the iron ore on which the steel industry depended could only be obtained from France in return for coal sold at uneconomically low prices. It was the Borinage mines which had to provide this coal. Today, this could not happen. French export quotas on iron ore were abolished when the common market was established and may not be reimposed. But



Seams in Europe are by American standards thin and deep underground; the hardest to work in Europe are the Belgian and in Belgium those of the Borinage. Machinery visible in the top picture cannot be used in irregular seams which abound. Lower pictures: on the left, simplified cross-section of the irregular seams worked by Charbonnages Belges; centre, conditions of extraction at great depths often met in Europe; right, much more favourable American conditions; thick seams worked in hillsides. Useful comparisons between European and American output per man are therefore impossible in mining.

in the early twenties the Borinage had to sell this coal in the national interest.

Then German coal began to come in in large quantities at low prices as reparations. Then, in 1926 the Belgian franc was devalued. Then, in 1929, the slump came. The mines of the Borinage kept in business by making low profits and foregoing most of their necessary investment. Even then Belgian coal was only able to compete because Belgian wages and living standards were low, lower than in France or Germany.

This situation lasted until the second World War came to repeat for the mines the conditions of the first. This was followed in the immediate postwar period by "the battle for coal" which permitted the exporting industries to forge ahead and the country to recover very quickly. Labour had become scarce and government policy was to raise living standards. Belgian wages became the highest in Europe. This raised costs. But prices were pegged. To keep the mines of the Borinage going it was necessary to institute subsidies.

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THE WEEKS PAST

October 23

High Authority begins full-scale talks with representatives of GEORG (the agency controlling the sale of 115 million tons of Ruhr coal) and with German miners and consumers to discuss ways in which GEORG can be adapted to conform with the Community Treaty which forbids cartel practices. Talks relating to ATIC, the French coal importing agency set up by French governmental decrees, and COBECHAR, the Belgian coal sales agency, are proceeding.

October 25

Leopold Figl, Austrian Foreign Minister and former Chancellor pays courtesy visit to the High Authority in Luxembourg.

November 11

Jean Monnet announces he will not seek re-election as President of the High Authority when his term of office ends on February 10, 1955.

November 22

Council of Ministers approves slightly modified text of Association Agreement submitted by the High Authority.

M. Monnet given mandate by Council to negotiate the revised text with the British Government. M. Ulver, French Trade Minister, who presided the Council, also asks M. Monnet, on his own behalf and on behalf of all other ministers present, to reconsider his decision not to stand for re-election.

November 29 – December 2

Common Assembly holds 4th extraordinary session in Strasbourg, approves a progress report by Jean Monnet and discusses cartels, investments and Association with Britain.

It calls on M. Monnet to reconsider his decision not to stand for re-election and suggests procedure to be adopted for election of new President of the High Authority next February.

December 7

Council of Ministers gives final approval of Association Agreement with Britain and asks High Authority to go to London to sign the Agreement with the British Government.



EUROPE G

In Luxembourg last month, seven judges in dark-red robes filed into an improvised courtroom, removed their bonnets and faced the opposing lawyers of the case they had come to judge: Maitre Jean Coutard, in the black robes of the Paris Court of Appeal, for the defendant, and Professor Paul Reuter, resplendent in the scarlet and ermine gown of a French magistrate, who was bringing the case on behalf of the French Government.

The case was a highly complex one, and probably not more than a small proportion of the large audience—diplomats, official observers, international civil servants, reporters and sightseers—fully understood the legal subtleties of the opposing arguments that were to follow. In fact, if these arguments alone were considered, the very publicity seemed out of place: the whirring of newsreel cameras, the press photographers, the crammed press gallery, the simultaneous translation of the proceedings into four languages—Belgian, French, German and Italian. Yet the atmosphere was one of expectation and excitement, as of a "cause célèbre". And "cause célèbre" it was: for the first time in history Europe was going to court, before a supranational Court of Justice whose decision was final and binding, from which there was no appeal.

The proceedings in Luxembourg were not the same as at the International Court of The Hague, where nations may agree, over a particular issue, to submit to jurisdiction outside their own national courts. It sprang from the signing, on April 15, 1951, of the Treaty establishing the European Community for Coal and Steel, and its working institutions, including its independent judiciary, the High Court of Justice.



TO COURT

Any individual, enterprise or government of the member-states, the signatories of the Treaty, (Belgium, France, West Germany, Italy, Luxembourg and the Netherlands) may appeal to the court, which is the sole authority to decide whether the decision of the Community's Executive, the High Authority, are to be upheld or quashed. It is, in fact, an embryonic Supreme Court, interpreting the constitution-in this case, the Community Treaty and its regulations.

The case before the High Court at the opening of its first public session arose out of the High Authority's revision, in January 1954, of its Fair Trading Code governing the publication of steel prices. The High Authority had allowed steel producers to vary their prices by 2,5 % above and below their published prices without actually publishing the changes. The French Government, which was bringing the case, contended that this was contrary to the Treaty and made for discriminations by producers between their clients. Professor Reuter accused the High Authority of acting unconstitutionally-contrary to the Treaty. High Authority lawyers denied this and claimed the High Authority's system of investigation made it perfectly easy to spot and prevent discriminations,

The case was followed by two more, brought on exactly the same issue, by the Italian Government and two Italian steel producers associations. In all the session lasted almost a fortnight.

The Court will not announce its judgement for several weeks and the matter is still sub judice. But already observers have seen in this first session evidence that supranationality is, in the words of a newspaper article, "on the move". Three

facts are striking : the realisation that the High Authority, along with the member-countries of the Community, producers, consumers and individuals, is subject to the Court's ruling and not "above the law;" secondly, the tribute, by the French and Italian Government counsel, to the High Authority itself, its principles, past achievements and integrity, and their wholehearted acceptance of the Court's final verdict, whatever the outcome; thirdly, the fact that, probably for the first time in history, two Frenchmen, Maitre Jean Coutard and M. Michel Gaudet (a member of the High Authority's legal departement) were defending the point of view of a supranational organisation-the High Authority-against their own country.

The personality of the French Government counsel was itself an exemple of the way European institutions have moulded individuals. Professor Reuter is without doubt one of the world's foremost authorities on the Community. He served, with great distinction, on the French delegation to the conference which set up the Community; he had a large hand in drafting the Treaty, and has written a book about the Community.

As M. Jean Monnet, President of the High Authority, told an American correspondent the day the session began : "whichever way the decision goes the prestige and cohesion of the entire Community will be enhanced ... I think today's first public session is not only a landmark for the Community but for European history as well."

THE HIGH COURT OF JUSTICE

The Court of Justice exists "to ensure the rule of law in the interpretation and application of the Treaty and its implementing regulations."

No national court has jurisdiction in these matters. The Court's judgements are directly binding on all parties, whether national governments or enterprises.

The Court may arbitrate in any dispute between member states at their request.

The Court is composed of seven judges, appointed for six years by the Council of Ministers. The judges designate one of their number as President for three years.

Massimo Pilotti (Italian) President
 Petrus Serrarens (Dutch) President of first Chamber
 Charles Hammes (Luxemburger) President of second Chamber
 Otto Riese (German)
 Jacques Rueff (French)
 Louis Delvaux (Belgian)
 Adrianus Van Kleffens (Dutch)

Belgian coal (continued)

The trouble was, in fact, that for 35 years, the coal industry was neglected and investment grossly inadequate.

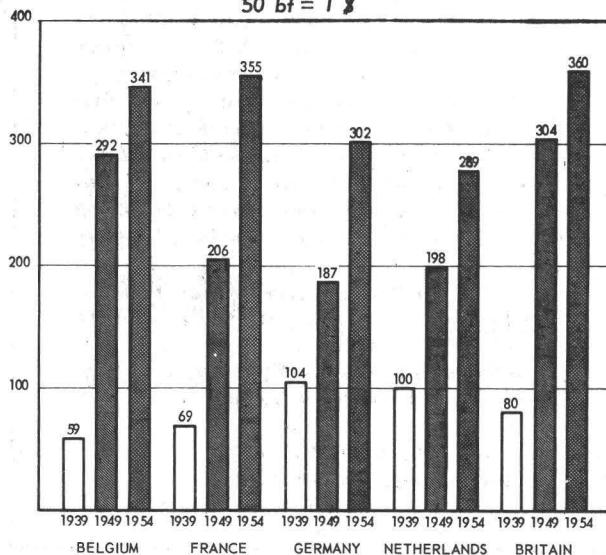
By 1949 the industry was clearly antiquated, Accordingly, an \$ 115,000,000 investment plan to raise the miner's individual output and make a better use of the coal extracted by 1956 was worked out. Since 1949 the number of pit shafts has dropped from 175 to 137, the number of companies from 83 to 55.

But the investment plan was drawn up in the national context; significantly, coal production, necessary for the export industries during the Korea boom, rose. So did prices. And the sight today of ultra-modern washeries and pitheads installations at mines which the experts fear are irremediably uneconomic is a tragic reminder of the cost of investing to maintain supplies at all costs - including the consumer's.

The Schuman Plan

Today, the Schuman Plan has changed the whole context of this history. Thus, under the terms of the Treaty, the High Authority, the executive of the Community, must ensure that in periods of shortage each industry has a fair access to the supplies that are available. Belgium can now depend on imports of coal, especially of Ruhr coal, without the fear that the stream will dry up as soon as a boom increases the demand for coal in the exporting countries themselves.

COST OF LABOR TO EMPLOYERS
(Wages and Social Security in Belgian francs)
50 bf = 1 ₤



There is no longer any need for Belgium to maintain maximum production, no justification, therefore, for protecting her coal industry. Competition based on price again becomes possible. Sure enough since the establishment of the common market in February 1953, German coking coal is entering Belgium at the rate of 200,000 tons a month against 25,000 tons before. Belgium's industries, consuming coal, are finding their costs cheapened in consequence.

But for the coal industry itself, and for the large areas of Belgium that depend on their prosperity, these changes bring great problems. They are so great that it was necessary to work out special provisions in the Community Treaty to see that there should be no disruption of society and production.

When the Schuman Plan was discussed in 1950 and 1951 the Belgians viewed with dismay the disadvantages under which their industry laboured: the laudable handicap of the highest wages in the Community-to-be; many poor coal-seams; antiquated equipment and a structure which many experts considered unfitted to cope with the new problems arising.

In fact, living standards in all the countries around Belgium have been rising steadily towards Belgian levels. This has partially eased Belgium's problem ¹⁾.

But above all, the Treaty itself provided a revolutionary solution to the problem, made possible by the fact that in pooling their resources and delegating their sovereignty to common institutions the six nations assumed at once a corporate responsibility for the difficulties assailing any one of them.

Thus, under the terms of the Treaty, the low-cost mines of the Community, in Germany and the Netherlands, financed half of a Community equalisation fund run by the High Authority the object of which was to allow Belgium to sell her coal on the common market while she continued to modernise her mines. The other half of the fund was financed by the Belgian government. The system is to last only during a transition period of five years, or at the most, seven. The aim of the fund is thus not to protect Belgium's industry but to give it the incentive to lower costs and the opportunity to reequip to become competitive.

¹⁾ German coal was 250 francs cheaper than Belgian in 1949 at the pithead; now it is only 80 francs cheaper.

Some mines however, will always be marginal. These are likely to be fewer than had been expected, for about half of Belgian production is anthracite of which Europe is very short.

An experts' commission has just published a report addressed to the Belgian government, the companies and the High Authority examining the conditions under which they might survive in the future. The report shows that it will be very difficult for two of the mines at least, producing about 1½ million tons, to do so. Even further concentration of production and heavy investments may not make them profitable again.

At the same time, the Community Treaty gives them a means—also revolutionary in Europe—of solving the social problems raised by the conversion of the mines: resettlement.

The resettlement provisions of the Treaty provide that the High Authority and the interested national government should together help labour laid off as a result of modernisation either by paying to reeducate the workers in new skills or to install them in new areas where work awaits them, or even, if necessary, to create new jobs on the spot. The first resettlement operation has already begun for instance in the coalmines of central France where volunteers are being offered considerable incentives to move to the higher wage areas of Lorraine in north-east France. This can help greatly to solve the problems of the mining areas of the Borinage.

Yet the problems of resettlement, in whatever form they are to be solved, should not be underrated. Labour locally, as indeed in the whole of Europe, is extremely loth to move. It is difficult to persuade workers that it is in their own ultimate interest that uneconomic plants should be closed. Unfortunately, few alternative industries to absorb redundant labour exist in the Borinage; their tendency has in any case been to move away from the area. Already small shopkeepers are feeling the pinch, although unemployment has been kept down. They say that old age pensioners and the large foreign labour force, which tends to send its money home, do not give much scope to local

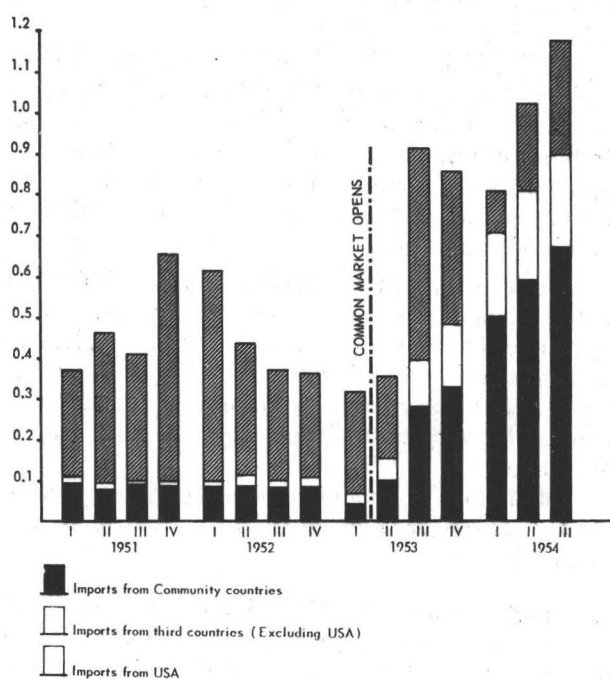
commerce. A number of shops display "to let" signs, and shopkeepers want to stop the number growing. It will at the best take a long time to adapt the area to its new future without hardship for many. Whatever solutions are applied, they are bound to be slow.

Nevertheless, events are moving fast for the coal industry of the Community. Competition on the common market is already showing that the mines of southern France and Belgium need to reduce their output and raise their efficiency. And beyond all these problems looms the prospect of greater and greater competition from fuel oil. The mines of the Borinage have not yet suffered by such competition, yet the production of fuel oil in Belgium alone has risen from 250,000 tons in 1949 to over 2½ million tons in 1953.

By seeing that the six-nation area of the common market faces the problems and develops the opportunities these changes present as one unit, the Community can see that in this first field of supranational effort Europe progresses into the second half of the twentieth century as smoothly and as rapidly as the most progressive powers in the world.

BELGIAN COAL IMPORTS

(hundred thousand tons.)



JEAN MONNET

NOT TO STAND FOR RE-ELECTION AS HIGH AUTHORITY PRESIDENT

On November 9, the day after his 66th birthday, M. Jean Monnet told his colleagues on the Community's High Authority that he would not stand for re-election at the expiry of his Presidential office on February 10 next year.

M. Monnet gave the following reasons for his decision to the press on November 11 : "It is to enable me to take part with complete freedom of action and speech in the construction of European Unity which must be concrete and real that I resume this freedom on February 10 1955 at the expiry of the mandate with which I have been entrusted as President of the High Authority."

"That which is now well on the road to success in the field of coal and steel in the six member countries of the Community must be followed through to its ultimate objective : the united states of Europe."

"The institutions of the Coal and Steel Community so far, the only European institutions to which the national parliaments of our member countries have consented to transfer part of their sovereignty and which they have vested with powers of decision. They have been functioning for the past two years, and the first European market is today a living reality in the Benelux countries, in France, Germany and Italy."

"Our countries have become too small for the world of today, in relation to modern technical methods, and in comparison with the United States and the Russia of today, and of the China and the India of tomorrow."

"The Unity of the European peoples, gathered together in the united states of Europe, is the means of raising their standard of living and of maintaining peace. It is the great hope and opportunity of our era. If we work, unremittingly and unceasingly, for this end, it will become the reality of tomorrow."

In a letter to the Foreign Ministers of each of the Community member-countries, M. Monnet explained he had made his decision public on November 9 in regard to the stability of institutions and to give the governments of the six member-countries sufficient time to elect a new President.

M. Monnet's announcement attracted considerable attention in the British, American and European press.

The Times said that "M. Monnet will now work all the more openly because no longer as an official for the ideal of a united states of Europe."



The New York Times said : "M. Monnet now believes that France is the key country. He had hoped that France would take the lead in a European union, as she did in proposing the European Coal and Steel Community (which M. Mendes-France voted for in the French National Assembly). He now sees France turning nationalist in spite of strong sentiment for a union, and he wants to do what he can to strengthen and organise this sentiment before the nationalistic trend goes too far".

According to the French paper "Le Monde" "the profound changes which have recently occurred in international politics will probably oblige M. Monnet, as they oblige us, to rethink the problem of the construction of Europe".

Franc-Tireur said that "M. Monnet has always felt that the coal-steel pool, of which he was the promoter, was only a stage. He was one of those who saw in the E.D.C. a second stage, especially interesting because of its political ramifications.

"Rightly disappointed by the rejection of E.D.C., he will not resign himself to seeing the policy of European integration, which was his own policy, abandoned or even temporarily suspended. It is above all the political and economic unification of Europe which fascinate M. Monnet. It is to further their progress that he will devote his new freedom and his great imaginative powers".

Photo New-York Times