



Bulletin from the
EUROPEAN
COMMUNITY
for coal and steel

INFORMATION SERVICE • HIGH AUTHORITY • LUXEMBOURG

RENE MAYER TAKES OVER

The Foreign Ministers of the member countries of the European Coal and Steel Community, meeting in Messina on June 1, nominated M. René Mayer as President of the High Authority to succeed M. Jean Monnet.

They also nominated M. Franz Etzel and M. Albert Coppé to serve further terms as 1st and 2nd Vice-President of the High Authority. All three nominations were unanimously approved by the High Authority.

M. Mayer took over his duties in Luxembourg on June 10 from M. Monnet, who, on November 11, 1954, had announced his retirement after his two-year term of office as President, "to take part, with complete freedom of action and speech, in the construction of European unity".

Mr. John Foster Dulles, the American Secretary of State, in a letter congratulating him on his appointment, said: "On this occasion I would like to reaffirm the great importance which the United States attaches to the Community as a bold and practical step in the direction of a united Europe".

In his reply, M. Mayer said:

"I personally shall do my utmost to assure that the work begun by President Monnet with all the fervour of his faith continues to go forward for the greater benefit of Europe".

One of M. Mayer's first official actions as President of the High Authority was to send a letter to the six Governments of the Community member countries urging them to get their national parliaments to ratify the Treaty of Association, with the United Kingdom concluded on December 21 last year. In his letter, M. Mayer drew the Governments' attention to the fact that the House of Commons had already ratified the Treaty, and that both the Common Assembly and the Council of Ministers of the Community had urged its speedy ratification by the national parliaments of the Community countries.



A staunch European

M. Rene Mayer, a former French Prime Minister, comes to the High Authority with a distinguished political and administrative record.

He is well-known as one of the strongest and most influential supporters in France of policies of European integration.

Born on 4 May, 1895, M. Mayer was commissioned in the French artillery at the beginning of the first world war, at the age of 19. After obtaining degrees in law and literature, he was admitted to the "Conseil d'Etat"—the highest French Court to settle disputes between the citizen and public authority—and soon became linked with some of the most important economic and financial problems of his country.

In 1925, he was put in charge of the administration of the port of Strasbourg. In 1930 he was sent to negotiate with Germany on coal imports, a negotiation successfully concluded with an agreement that Germany should furnish France with coal over a period of ten years.

In 1937, M. Mayer was in charge of nationalisation of the French railway systems, and also helped found the French airline, Air France.

Mobilised in 1939, he was posted to the French Armaments Ministry, and served with M. Jean Monnet in London as French armaments representative. (M. Monnet was, until June 1940, head of the Anglo-French Joint Supply Board).

In 1942, after underground work in the unoccupied zone of France, he reached North Africa via Spain, and became Commissioner for Transport under General Henri Giraud, and then a member of General de Gaulle's Committee for National Liberation.

After his return to liberated France, M. Mayer held several ministerial posts, including Transport and Merchant Navy, and Finance and Economic Affairs, becoming Prime Minister in 1953.

In 1945, he was appointed Commissioner for German and Austrian Affairs. In 1950, he took part in the Conference which led to the establishment of the European Coal and Steel Community, playing an important part in getting the French National Assembly to vote for its establishment in 1952. In the French parliament, as member for Constantine (Algeria), he established a reputation as a formidable debater.



The High Authority meeting, June 10, 1955, at which M. Monnet evacuated the President's chair and handed over to M. Mayer.

NEW MOVES TO EUROPEAN UNITY

An important step on the road to European economic integration was taken in June.

The conference of Foreign Ministers of the Community countries, meeting in Messina from June 1 to 3, decided to create a committee of experts to complete by October 1 studies enabling the Ministers to meet again and take decisions on further European integration. M. Paul-Henri Spaak, the Belgian Foreign Minister and a strong supporter of policies of integration in Europe, was later named as Chairman of the Preparatory Committee to coordinate the work of the experts dealing with transport, power, atomic energy and the creation of a general common market.

On June 15 and 16, M. Jean Monnet, on leaving the High Authority, published articles and interviews in *The Times*, the *New York Times*, *le Monde* and the *Frankfurter Allgemeine Zeitung* which were reproduced in a number of other news-papers. He stressed the necessity of further European integration if a lasting basis is to be given to better East-West relations

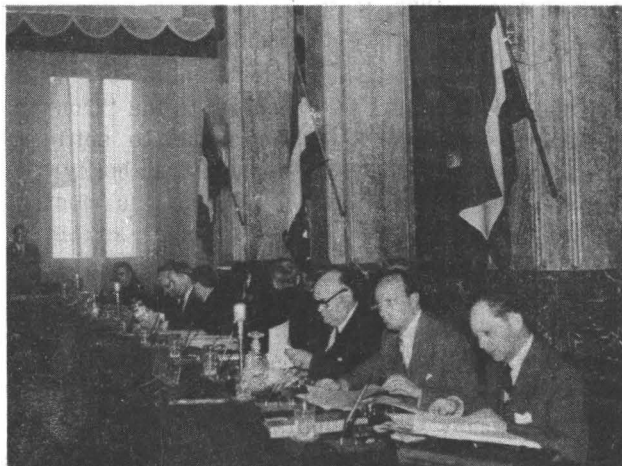
The Messina Conference

After the nomination of M. René Mayer, the Community's Foreign Ministers began discussions on the "Benelux proposals" for further European economic integration.

The Benelux governments (of Belgium, the Netherlands and Luxembourg) in formal proposals forwarded to the governments of the other Community countries on May 20th, called for a new move in the direction of European unity, "which may best be made in the economic field".

They proposed :

- a) the setting up of a "common organisation" to study development plans for a European network of highways, canals, electrified railway lines with standardised equipment; and for coordinating the civil aviation policies of the member states. A common investment fund would be created to make these aims possible;
- b) the study of methods of coordinating power policy in Europe notably through the creation of thoroughgoing European "grids" in electricity and gas and by setting up a coordinating committee for the coordination of national production programmes;
- c) the setting up of a "common authority" for the development of atomic energy for peaceful purposes, with the pooling of investment funds, technical knowledge and research facilities. Cooperation with non-member countries and technical assistance for under-developed countries would be encouraged;
- d) the progressive integration of the national economies in Europe. The Benelux proposals called for a wide common market not limited to coal and steel, through the progressive abolition of all quantitative restrictions, customs duties and discriminations. A "common authority" with the necessary powers would be established. An agreement between the member countries on the harmonisation of economic, financial, and social policies would be drawn up and the rates at which integration should be carried out defined;
- e) the social laws of the various countries, notably those affecting working hours, overtime pay, duration of holidays etc., should be "progressively harmonised".



The Belgian Delegation to the Messina Conference (led by Paul-Henri Spaak, Belgian Foreign Minister, third from the right). Further right M. Antoine Pinay, French Foreign Minister, conferring with members of the French Delegation.

(Photo : Match)

To implement this programme the Benelux governments proposed that a conference should be called - to which the United Kingdom would be invited - and would work on :

- i) a treaty on the pooling of transport, power and atomic energy;
- ii) a treaty on general economic integration;
- iii) a treaty defining the European institutions necessary to carry out the programme.

Discussions on these proposals began on June 2 and lasted until dawn of next day. German and Italian proposals for further integration were also heard. Finally, the Ministers agreed on a resolution which adopted the objectives of the Benelux proposals but set out different procedures for their implementation.

In the "Messina resolution", the ministers agreed that their aims were :

- a) the common development of large-scale communications facilities ;
- b) the development of exchanges of gas and electric current between European countries and the coordination of common prospects for development;

- c) a "common organisation", having the responsibility and the facilities for ensuring the development of atomic energy for peaceful purposes. It would control a common fund to finance plants and research;
- d) a common European market to be established "by stages" after the study of "the appropriate institutional means" for its realisation and operation;
- e) the creation of a European investment fund;
- f) the progressive harmonisation of national social regulations.

The ministers, instead of calling for an immediate

treaty-drafting conference like the Benelux governments, decided first to appoint a committee of national representatives working under the direction of an "eminent political personality" to study the problems raised by integration plans. The committee must report back to the ministers by October 1.

The ministers decided to invite the United Kingdom, as a country associated with the European Community for Coal and Steel, to attend the committee meetings.

It was agreed that the advice of experts from the High Authority, from the O.E.E.C. and from the European Conference of Transport Ministers, would be sought when necessary.

High Authority and French Government to help resettled French coal and steel workers

The French Government has submitted plans for joint French and High Authority financial aid for about 2,000 French workers from four marginal steelworks and one marginal coalmine forced to close or concentrate under the threat of competition on the common market.

The High Authority, which has already accepted the principle of financial aid for these workers, which is to be retroactive in the case of those who are already unemployed, is expected to give its formal approval of the French Government proposals before July.

Aid will be granted to :

217 steelworkers from the Etablissements Bessonneau (near Angers - central France).

700 steelworkers from the Etablissements Camaud (Basse Indre-central France).

188 steelworkers from the Forges d'Audincourt (Doubs eastern France).

394 steelworkers from the Forges d'Hennebont (Brittany).

665 coalminers from the Mines de Ferrière et de Bourbonnais (central France).

The French Government proposals are as follows :

1. Financial Grants

Special unemployment grants will be made to coal and steel workers who lose their jobs with these firms as they modernise or close down.

These grants are to be awarded on a decreasing scale as long as the worker remains un-employed (up to a maximum period of 12 months).

They go from about 80 % of the workers' salary for the first two months of his unemployment to about 45 % of his salary at the end of the year.

The cost of the normal national unemployment benefit included in the grant will be entirely borne by the French Government the High Authority and the French Government sharing the remaining costs. Should the worker not be entitled to normal national unemployment benefits, he will receive exactly the same total grant, shared equally by the High Authority and the French Government.

2. Compensation

Should the worker find a job at a salary lower than the benefit granted him during his first two month's unemployment, the High Authority and the French Government will jointly make up the difference for a year. Should he lose his second job within 12 months, he will continue to receive grants.

3. Technical training for those who need readaptation to new skills will be paid for jointly by the High Authority and the French Government. (This will benefit the employers more directly than the workers, since in France workers undergoing technical training are, by law, entitled to salaries).

4. Financial incentives for migrant workers

The French Government has proposed substantial financial incentives for workers from the steelworks and coalmine willing to take jobs requiring that they move.

The costs of these incentives, to be shared equally by the French Government and the High Authority, are proposed as follows :

for those housed by their new employer; all transport costs paid, a bonus of 22,500 francs for single men, 75,000 francs for married men, with an additional 10,000 francs for every child : for those not housed by their employer; all transport costs paid, a bonus of 40,000 francs for single men, 140,000 francs for married men, with an additional 15,000 francs for every child.

In addition, a certain number of steelworkers who find jobs in the Lorraine steel industry, where labour is particularly short, will receive larger financial incentives (5% higher bonuses) if they move before the end of 1955. Similarly, coalminers from the Mines de Ferrière et de Bourbonnais moving to Lorraine will receive the same financial incentives as are offered to miners from southern France under a similar High Authority sponsored scheme already in operation, a 75,000 francs bonus for single men and 200,000 francs for married men.

"EUROPE MUST CHOOSE" UNITY THE KEY TO BETTER EAST-WEST RELATIONS

Extracts from an article by M. Jean Monnet, published in "The Times", of June 16 .

The time has come for Europe to choose. Dr. Adenauer has been invited to Moscow. New perspectives are opening before the nations of the Continent; but their smallness, their divisions and their lack of common purpose unfit them to seize the opportunities and skirt the dangers that will certainly arise. It is in this situation that the six countries belonging to the European Coal and Steel Community must, later this year, take a vital decision on their future policy. They must choose either to take further effective steps towards building a United States of Europe by delegating powers in specific fields to common institutions, or to continue along the road of the past which has already brought failure to them and not prevented wars.....

The Ministers have set the terms of reference for a new stage in the construction of a United Europe. That is an important advance. But they have postponed the moment of decision. The Benelux proposals on which they based their agreement stressed in every field the need to delegate authority to a common executive with powers to act in the interests of all the member countries as a whole. The communiqué issued nowhere commits the governments on this central issue.

If the governments decide, when the Ministers meet again after October 1st, to maintain the old

national prerogatives and national approaches which in the past have led to their present weakness, then we shall hear talk of co-operation. If, on the other hand, the governments decide to change conditions in Europe, then we shall learn that they have agreed to delegate to common institutions the powers they are unable to exercise separately to the full advantage of their people.....

Experience has shown that unity is not be obtained by the intergovernmental methods which today go under the name of co-operation. When governments co-operate in international organisations, they reserve the right to act as it suits them, to enter into agreements but to stop observing them when difficulties arise. In intergovernmental organisations the unanimity rule gives a veto power to each state and leads to inaction. If decisions have to be taken by a majority vote there is always the risk of a coalition carrying the day at the expense of another partner.

The only solution is the delegation by the member states of power to a common authority. This is a lesson I first learned many years ago at the League of Nations.

Now, my most recent experiences as President of the High Authority have shown me how wide a range of controversial decisions must be taken to give gradual effect to such an apparently simple aim as the creation of a common market. It is not just a matter of doing away with customs duties or quotas: discrimination in transport rates must be removed; so must double pricing; so must cartel agreements; rules which apply equally to all members of the Community must be enforced; and the social problems created by reintroducing competition after years of protection must be overcome. Only an authority endowed with strong powers for a long enough period to give the effect of permanence could ever carry out such a programme.

The field chosen for study by the Foreign Ministers raise widely different problems to which the procedures elaborated for coal and steel cannot

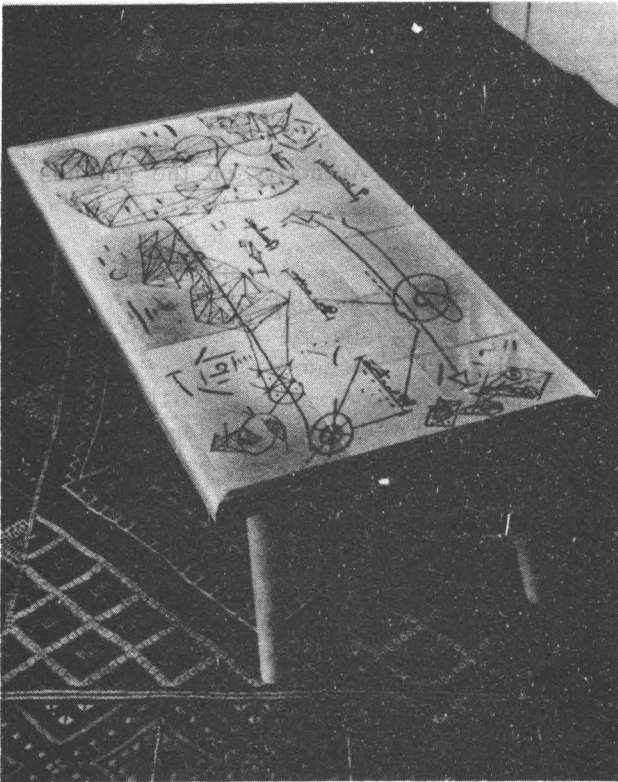


be rigidly applied. In transport, where the aim is to draw up plans for a European network of canals, roads and electrified railway lines, to standardise equipment and coordinate civil aviation policies, the main requirement is an investment fund.

Gas and electricity involve principally the co-ordination of general power policies with coal policy, stress being laid on the extension of European grids. For atomic energy again there is a great problem of investment and development, coupled with the need to pool technical and scientific resources.

The creation of a general common market resembles more closely the work carried out in the Coal and Steel Community, but the problems it raises in mutually adjusting national economic, financial and social policies are infinitely greater. These differences are so great that we cannot be dogmatic in our approach to the technical solutions they require.

Yet, in every case, there must be common institutions including a common executive if effective



Members of M. Jean Monnet's personal staff presented him with this table on his retirement on June 10. The design of the table-top is an exact replica of one of the many and complicated «doodles» he was in the habit of sketching during conferences.

The ceramist who executed the tiles forming the table-top was Madame Georges Berthoin, the American-born wife of one of the members of M. Monnet's staff.

action is to be taken. The Ministers themselves imply this need for atomic energy when they specify that a common fund for investment and research should be set up. A common fund can only be administered by a common authority. Manifestly, one cannot go on multiplying authorities. What is needed is an adaption of the system existing in the Coal and Steel Community to cover the wider activities...

The people of Eastern and Western Germany must be reunited. But the only way to avoid disintegration and national rivalries and suspicions in Europe, entailing the irretrievable decline of the European nations together is for the reuniting of the Germans to take place within the framework of the European striving toward unity. Peaceful co-existence on a permanent basis between East and West will become possible only if the nations of Europe, by overcoming their divisions, acquire in unity a strength of purpose and a vitality which, separately, they now lack.....

If the governments are to be persuaded to make the choice they have postponed and to set up common institutions to which they delegate powers, it will be necessary for the many powerful political parties, consumer groups and trade unions which increasingly favour European unity to organise in order to press their beliefs and explain them to the public and to the governments themselves. At this stage, the direction in which the governments move is more important than the size of the step they take.....

NEWS BRIEFS

Combating Scrap Shortage

The High Authority decided on July 20 to encourage the increased production of pig-iron through a bonus system per ton of extra pig-iron used instead of scrap by Community firms making open-hearth steel. The scheme is to be retro-active with effect from April 1, 1955 and to last until March 31, 1956.

Scrap Cartel Outlawed

The High Authority also ordered the immediate liquidation of a centralised scrap buying and allocating agency in Germany. The organisation requested permission to remain in existence, but the High Authority decided that its activities were incompatible with the Community's anti-Trust regulations.

THE COMMON ASSEMBLY SESSION

May 10-14 and June 21-24

The Community's Common Assembly held its third annual regular session this year in two sittings. During its first sitting, the Common Assembly produced important resolutions on the extension of European integration summarised here, and there was lively criticism of the High Authority's decision to reduce its levy.

Between the first and 2nd sittings the Foreign Ministers meeting occurred in Messina, and by June 21, M. Rene Mayer had held office as High Authority President for just over a fortnight. His forthright affirmation of his faith in the supranational idea was the highlight of the 2nd sitting.

FIRST SITTING MAY 10-14

Assembly urges extension of Community's powers

The Common Assembly passed two resolutions calling for integration of Europe's transport and the extension of the Community's powers.

The resolution on transport expressed the Common Assembly's opinion that the time had come for the member countries of the Community to integrate transport as a whole, such unification being "an economic necessity".

The resolution therefore called on the Community's Council of Ministers :

1. to ask the six governments of the Community countries to convene a commission of specialists to examine the coordination and integration of European transport, the specialists acting independently of national governments and of particular transport interests;

2. to instruct the commission to make proposals for the coordination and integration of European transport as a whole, and to send its findings to the six national transport ministers, the Community's Council of Ministers, and the High Authority. The resolution suggested that Swiss and Austrian Government representatives be invited to attend the transport Commission as observers.

A second resolution drafted by members of all three of the Common Assembly's political groups (Liberals, Socialists and Christian-Democrats) asked that the Foreign Ministers of the Community in their meeting at Messina, Sicily, in June :

1. invite proposals from the Community on an expansion of its competence and of its powers needed to carry out its task efficiently;

2. propose one or more inter-governmental conferences to draw up, with the help of the Community institutions, draft treaties required for the realization of further stages in European integration, of which the European Community for Coal and Steel is the first step.

The High Authority's decision to reduce sharply its tax levy on Community coal and Steel production touched off vigorous criticism from all three political groups in the Common Assembly during its May sitting.

Community taxes were due to be cut from 0.9 per cent (on the average value of the annual production of Community products) to 0.7 per cent as from July 1, 1955, and to 0.45 per cent as of January 1, 1956.

Guy Mollet, French Socialist leader, M.G.M. Nederhorst, Dutch Socialist leader, and Francois de Menthon, French Christian-Democrat leader attacked the High Authority on the grounds :

- 1) that it risked reducing the High Authority funds to a dangerously low level;

- 2) that it gave rise to fears that the High Authority intended to adopt a "modest" social policy at a time when the scope of its social policy should be increased;

- 3) that it meant Community coal and steel firms, at a point of high economic activity, would not reduce prices but would simply increase their profits, in which labor would have no share, and

- 4) that it would be difficult to raise the rate of the levy after having lowered it.

Each of the three political groups in the Assembly put forward their own resolutions asking the High Authority to reconsider its decision. With members of the Assembly voting along party lines, the resolution proposed by the Liberals was finally passed. It said :

"The Common Assembly deplors the decision of the High Authority to reduce the rate of the levy before having outlined its long-term policy before the Common Assembly, and with no knowledge of the steps that will be taken on June 1 by the Council of Ministers".

Replying to critics, High Authority President Jean Monnet said the executive body reserved

the right to raise the rate of the levy immediately, if this proved necessary. It would, however, not be in the interests of the Community to keep the rate at an unjustifiably high level. He declared that the High Authority would, despite the tax reduction, shortly accumulate \$ 100 million in the Guarantee Fund, \$ 40 to \$ 50 millions in the Resettlement Fund and \$ 10 millions in the Technical Research Fund, over and above the \$ 10 million needed annually for expenditure on the Community's institutions.

In answering fears that the Community's

social program would suffer because of the tax cuts, M. Monnet said : "If you wish to see the High Authority expand its social policy, there is no sense in asking the High Authority to increase the levy, for this would in no way increase the means as the High Authority's disposal for using these funds. Only the six governments of the Community countries can provide it with a larger scope. The Common Assembly should therefore address its requests to the national governments and not to the High Authority".

SECOND SITTING JUNE 21-24

M. Mayer reaffirms faith in the supranational idea

The second sitting of the Common Assembly was marked by the presence at the "government" front bench of M. Rene Mayer as new President of the High Authority.

The Common Assembly had decided that the new President should come before it with a statement of policy which it would then vote on.

In his speech, M. Mayer pledged himself to the task of strengthening and developing the future of the Community for Coal and Steel.

He said the High Authority would act in accordance with the policy of the Common Assembly, as defined by the resolutions it had passed in the last month. He recalled its recent resolutions on cartels, on implementing the Association with the United Kingdom, on action to increase the standard of living of workers in the Community and on the general objectives and long-term policies of the High Authority.

"As far as social questions are concerned, the High Authority shares the view clearly expressed in the recent resolution of the Common Assembly stating that the solution of social problems is an integral part of the policy of economic expansion which must lead to a rise in the standard of living of those living in the Community. It is the basis of a sound framework for a united Europe".

"Economic expansion, fuller employment and a rise in living standards are three aspects of the fundamental aim of the Community. A policy designed for the 160 million consumers of coal and steel alone can ensure that that purpose is attained. We cannot fulfill this objective by ourselves, but we must in all circumstances be

guided by it, together with the national governments.

"We must also see to it that every one of our decisions, every step on the road to a common market, every improvement in technical and production fields gives the workers of the Community the guarantees they are entitled to.

M. Mayer announced that he had recently written to the 6 governments of the Community countries, asking them to speed up proceedings to get the Treaty of Association between the United Kingdom and the European Community for Coal and Steel ratified by their national parliaments.

He also announced that the High Authority would soon conclude two loans to finance workers housing - one of £ 1,600,000 in Belgium, the other of just over £ 4,000,000 in Germany, and intended allocating \$ 300,000 for medical research.

On the recent conference in Messina, M. Mayer said ;

"The High Authority is pleased that the Foreign Ministers Conference has decided to call upon it to implement the resolution which calls both for a broader basis of economic development and the gradual creation of a wider common market.

"In the present economic world, in which enterprises have reached such a size that they take on certain aspects of a monopoly, in which state intervention or the effects of national policy become an important factor of economic activity and of conditions of production, a common market cannot operate without rules.

which must be applied both to governments and enterprises”.

In a world which has rightly become sensitive to the human and social cost of economic and technical progress, it is most important to foresee transition measures and gradual change. Methods must be found to protect the workers from the burden caused by change and to ensure their productive re-employment in case of need.

“The development of industries or of economies as a whole can only be carried out without shocks or dislocation if important means are specially set aside to allow the less advanced areas of the weakest sectors of industry to regain lost ground through the establishment of economically sound activities”.

On the activities of the Community in the near future, M. Mayer said :

“Today we can measure all the progress made since 1952 and I have personally been able to realise the full importance of this progress in a close scrutiny over the past weeks of the concrete achievements of the High Authority. New steps are in preparation whose technical elaboration may take several forms but whose objectives are the same as those which were our own when the European Community for Coal and Steel was still only the Schuman Plan. I remember the difficulties encountered in the different countries, during negotiations and during debates in ratification.

“We will encounter fresh difficulties, which will always come from scepticism, from force of habit, from fears of change or from the craving for excessive protection behind which economies wither and weaken.

“We are convinced that our institutions are strong enough today to overcome these difficulties.

“The High Authority states its conviction, based on the facts with which it deals, that in the modern world where social preoccupations can never be excluded from economic activity, a common market necessarily calls for an authority independent of the nation-states, granted definite powers and financial means for resettlement, capable of operating the necessary safeguard clauses and of supervising the application of common rules.

“It must be able to advise national governments, arbitrate their disputes, or finally take decisions within the limits of that competence which it will be recognised as possessing”.

M. Mayer told the Common Assembly that by agreeing with these views of the High Author-



ity, it would be emphasising the importance it attached to European unity.

He recalled that, on the eve of the ratification of the European Community for Coal and Steel, he had said :

“The task of our generation is to recruit men who are determined to carry out their work to the very end in order to change a state of affairs which was responsible for rivalries, insecurity and wars.”

“The High Authority identifies itself with this principle”. M. Mayer concluded. “It is happy to be able to have the confidence of your Assembly with which it intends to keep in constant and close touch along the road towards progress and peace.”

Leaders of the 3 political groups in the Common Assembly - Socialist, Christian-democrat and Liberal - all expressed their approval of M. Mayer's speech.

M. Guy Mollet, the French socialist leader, expressing the view of his political group, said that the future High Authority action in the fields of cartels and social policy would take on the value of a test. Socialist support was not given automatically and could be withdrawn if performance did not come up to the group's expectations.

The debate on the recent Messina Conference gave M. Rene Mayer the opportunity of restating his faith in the supranational character of the High Authority and the need for common institutions independent of national governments and subject to democratic parliamentary control.

A number of Common Assembly speakers criticized the Messina conference for not explicitly opting for a "supranational" solution and for not using the European Community for Coal and Steel as a basis for further economic integration.

Both the German Christian-democrat and Socialist spokesmen (MM. Von Merkatz and Pohle) stressed the importance of the Community as the only institution with supranational powers, the need for a nuclear authority and their regret that the Messina Resolution did not specifically refer to the role the Community had in stimulating investment and employment.

Summing up, M. Rene Mayer said that speakers had stressed the supranational, democratic and open character which the European Community for Coal and Steel should have. M. Mayer said he had been urged "not to climb out on a supranational limb". His answer to this was: "I'm sorry, but I'm there already: j'y suis, j'y reste".

He said the activity of the High Authority centred round 3 kinds of problems: those where the High Authority had full powers, those in which its competence was limited and it had to use its discretion, and those where it had, as yet, no competence.

"The High Authority" said M. Mayer referring to the second category, "will use its discretion but not in the negative sense. To observe the Treaty is to study the Treaty and see what happens where we apply the rules of the Treaty. We will not content ourselves with the role of administrative bureaucrats.

"We are forced to observe that our work would be very much more effective if the common market were extended".

M. Mayer said he did not believe the Messina resolution has closed the door to economic integration. The European Community for Coal and Steel had acquired an important place in Europe and the world and had no inferiority complex. "The Community", he added, "is Europe's motor, its energy-giver. It is up to the Common Assembly to give it pushing power. It is both an example for other-fields of action and a lever for European action".

M. Rene Mayer was Vice-President of the French Council of Ministers and Finance Minister when the European Coal and Steel Community project came before the French National Assembly for discussion and approval.

His speech to the National Assembly, on 7 December, 1951, extracts of which appear below, was in part responsible for the Treaty being ratified in the French Parliament by a large majority. M. Mayer said:

"This (the Community) will be completely new, in the very fullest sense of the word, because it will help bring about important changes, throughout the Community countries, in the industrial field and beyond the industrial field to the whole of economic life itself ... We Frenchmen are deeply attached to precedent, and worried by things which have no precedent. But this should not make us always beat a retreat.

"For if the Plan is a great novelty, it rests on geographical and tangible facts which have been true of all time at any rate ever since the Industrial Revolution.

"There is a de facto Community formed by the Ruhr coal basin, the coalfields of Westphalia, Lorraine, Belgium, and the Nord and Pas de Calais, in France, as well as by the iron ore mines of Lorraine.

"There is a highly important communications link between the Ruhr, Strasbourg and Lorraine called the Rhine... these physical realities exist. It is on them that the plan on which you are to pronounce yourselves is based".

On cartels, M. Mayer said: In the past, international trade agreements led, in periods of plenty, to a policy of quotas which is the very opposite of that proposed here, since its effect was the restriction of production and not an expansion of production, which is one of the aims of the Treaty... There has been a lot of talk on the surrender of sovereignty, and the handing over of this sovereignty to technocrats. The fact that the Institutions of the Community will be forced to act in the open, under conditions which ensure its practical control by national and international public opinion, has not perhaps been sufficiently stressed... together with the legal control of the Court of Justice, the need to justify important decisions will constitute very important guarantees... Let me add that it seems to me that the system of international cartels and of industrialists' private cross-frontier agreements can also be considered as a surrender of sovereignty".

REFORM IN THE RUHR

Anti-cartel action has always been a central point in the programme of European reform embodied in the European Coal and Steel Community. If the common market is to become a genuine unit, it must be freed from the political and economic restrictions based in the past on national producers' cartels.

The High Authority recently announced changes in the structure of the Ruhr's coal-selling agency which will mark its first major move in this direction.

M. Franz Etzel, Vice-President of the High Authority, told the Common Assembly during its annual session on May 11 that Ruhr coal owners' representatives had submitted tentative proposals which had to be confirmed by the collieries for a new selling system that the High Authority could approve. The proposals came after more than 15 months of talks conducted by the High Authority with coal-owners, trades unionists and the Federal Government of Germany.

Present structure of the Ruhr's coal-selling organisation

The present system is based on an agreement reached by the Allied High Commission and the German Government in 1952. The agreement set up six independent sales agencies. But it also established a coordinating body, the *Gemeinschaftsorganisation Ruhrkohle* (Common Office for Ruhr Coal), better known as the GEORG, which rapidly accumulated all effective control over the sales of Ruhr coal. Today, under its leadership, the six agencies have the same price lists, sales policy and, in many areas, the same sales agent. GEORG, which controls the sales of 80 million tons of marketable coal, has the power not only to direct deliveries to consumers as it wishes, but also to allocate orders among the coal companies to ensure "the stability of employment".

As M. Etzel said: "In its present form, this coal sales organisation for the Ruhr - which is in practice a single cartel controlling about 50 % of the production of the Community.- is too big. To quote the terms of our Treaty (setting up the Community), it is able 'to determine prices, to control or restrict production or distribution on the common market'»,

Both owners and trades unionists have justified this system on the grounds of stable employment, which, they claim, could only be maintained if orders were allocated between the collieries

through a central organisation, to iron out the differences between high quality and low quality mines.

The High Authority has finally worked out a policy to reconcile the need for competition on the common market with the need to maintain stable employment and to define «the limits within which the Ruhr can organise its sales without violating the Treaty».

The proposed structure

A line has been drawn between the sales which should be made through independent agencies to secure competition and those made through a common bureau to make some allocation of orders possible to preserve the stability of employment «which by its very nature, is opposed to free competition».

Competition is to be secured by seeing that the six agencies, which will be maintained, are in future genuinely independent.

The agencies must have separate price lists, their own sales policy and, after a transition period, their own marketing organisations. Each separately will have to ask the High Authority for authorisation. «In particular, all agreements between the sales agencies on prices, sales policy, systems of rebates, etc., are illegal».



Further, the agencies may not become too big. At present, each agency now sells for between 8 and 11 of the 55 collieries of the Ruhr. They must not grow bigger in future.

But the agencies can sell through a common bureau to the big consumers, such as the electricity and gas works and the railways who buy over 50,000 tons a year and number about 1 % of all buyers. The consumers cannot be compelled to buy through the bureau. But, to the extent that they do, the bureau will be able to allocate orders and ensure «equality of employment» among the collieries.

All exports outside the common market, over which the High Authority has no regulatory power, will also be sold in common.

The High Authority will «continuously» supervise the whole system to see that its rules are observed.

Of the 80 million tons at present controlled by GEORG, 8 millions were exported. These will be handled by the common bureau. The 72 others were sold on the common market.

The six agencies will, in future, sell at least 47 millions of these 72. The common bureau will, if all the big consumers choose to deal with it, handle about 25 millions.

Of these, 10 millions will be of steam coal for the German state railways which wanted to continue buying from a central agency. But this coal, which is mined only in certain collieries, is of little use for the allocation of orders between mines.

GEORG itself will, in future, retain «only a series of activities which are not considered to restrict competition» such as research, market studies, publicity and advice on transport policy.

It is also proposed to set up a Consultative Committee of owners, trade unionists, dealers and consumers of coal to examine problems which arise in the working of the new system.

M. Etzel stressed that «the change wrought by the new solution goes deep and is of a fundamental character ... It is not a masking of the old organisation ... We hope that, with time, this system will allow competition to produce happy results on productivity and distribution ... and contribute to make coal a competitive source of power».

The attack on the coal cartels has begun with the Ruhr because this is the largest and most powerful unit in the complex of cartel organisations which have so far dominated the coal market in Europe. But M. Etzel stressed that the High Authority is going to see that Belgian, French and Saar coal is also sold under conditions compatible with the common market.

NEWS BRIEFS

Luxembourg appeal to court suspended

The appeal brought before the Court of Justice by the Luxembourg government against the High Authority's order of January 10, 1955 requiring that the statutes of the official Luxembourg coal importing agency be modified has been suspended sine die, by the Court. Exchange of correspondence between the High Authority and the Luxembourg government indicates that the case will probably be settled out of court and that the appeal will be dropped. The Luxembourg government is expected to change some of the statutes of the agency to meet High Authority objections to its activities in centralising the purchase of all coal imported by Luxembourg which is not itself a producer.

High Authority fights industrial diseases

The High Authority has decided to allocate over £ 100,000 to research into industrial diseases.

During the first meeting with producers and trade unionists organised by the Permanent Committee on Hygiene and Medical Research in the Community industries set up by the High Authority on March 9, M. Finet, a member of the High Authority and an ex-trade union leader outlined the three-point research programme of the Committee :

- action against silicosis;
- adaptation of the worker to difficult labour conditions;
- the human factor in industrial accidents.

The producers and trade unionists were unanimous in agreeing with the Committee's proposal to give top priority to research into silicosis. Consultative contacts with producers and trade unionists will be kept up to ensure that research bears on the most urgent problems in a practical way.

Such problems as the reduction of coal dust, the rapid diagnosis of pneumoconiosis, and the effects of working at high temperature on the body etc. are to be studied.

THE USE OF THE AMERICAN LOAN

The High Authority lends \$100,000,000

The High Authority's investment policy to increase productivity in the Community has been launched during the first six months of 1955 with the loan to firms in the six member countries of the \$100,000,000 borrowed from the United States Export-Import Bank in April 1954.

The capital investment loans have gone to firms proposing to lower production costs by modernising collieries and iron ore mines and building or improving thermal power stations. This is in keeping with the High Authority's investment priorities, announced in January 1954: to increase productivity in the raw materials extracting industries, since high production costs in this sector hinder the expansion of the common market. No allocations have been made to steel plants. The steel industry of the Community is already producing steel at a rate exceeding the 50 million tons a year which was estimated two years ago to be a reasonable production target for 1958.

The allocation of the last \$25 million decided in May was delayed by the hope that this sum could be earmarked for workers' housing. Owing to technical financial difficulties it proved impossible to use the American loan for this purpose. The High Authority is now obtaining equivalent sums in Europe. Loans totalling \$16,500,000 have already been raised in Belgium, Germany and Luxembourg. Agreements are expected in France and Italy shortly.



Messrs. Monnet, Etzel and Spierenburg photographed with President Eisenhower during their official visit to Washington in June 1953 as representatives of the newly established European Community.
(Photo: United Press)

Loans Stimulate Private Investment

From the outset of its investment programme the High Authority ruled that it would lend only a portion of the funds required for any project; firms would have to find the complement of finance elsewhere. This policy, coupled with the High Authority's strong credit position and low interest rates, has facilitated among the borrowing firms a total investment $3\frac{1}{2}$ times as great as the direct loans made by the High Authority. The \$100 million it has lent have contributed to projects (by 54 firms) totalling over \$365 million. That is equivalent to three-quarters of a year's investment in the coal industry of the Community.

This "multiplier" effect can be assessed from the following summary of the breakdown of financing for the initial \$60 million of projects

High Authority loans	\$ 60 million
Auto-financing by firms	\$ 83 million
Various loans	\$102 million
Miscellaneous sources	\$ 22 million
	\$ 267 million

The High Authority's loan was "oversubscribed". Requests were received from 57 firms for loans adding up to \$144 million. The High Authority examined each case on its merits and, though forced by the lesser amount of funds at its disposal to reduce the sum of loans, did not do so equally to all borrowers. Thus some received as much as a third of the total required for their proposed investments, some as little as a sixth.

Banks Reduce Interest Rates to Community Firms.

The original loan of \$100 million negotiated with the United States Export-Import Bank was made on very much the same terms as those prevailing on the American capital market. The amount is repayable within 25 years at $3\frac{7}{8}$ ths per cent interest. All loans were made in dollars and the necessary exchange for repayment due in dollars has been guaranteed by the governments of the member states.

The High Authority's loans, in turn, have been made at a rate of 4.1. per cent with a 25-year repayment period—terms notably more favourable than those current in Western Europe. As a result, interest rates on market loans received by the 54 firms have dropped. For instance, Germany's Kredit-

anstalt bank has lent to German firms participating in the Community investment programme amounts matching the High Authority allocation and at a rate, in most cases, of seven per cent with repayment in 25 years. This contrasts favourably with the terms usually offered by the same bank, starting from 9 ½ per cent for shorter period loans.

The High Authority thus can claim certain indirect, as well as a direct, influence in providing cheaper investment financing for Community firms.

This indirect influence on the capital market was confirmed by an agreement reached in January. The High Authority arranged with its German banks that they should use the extra credit facilities afforded them by their High Authority deposits to provide medium-term loans to Community enterprises on advantageous terms. The German banks have lent \$ 12 million by this system, at 4 7/8ths per cent for 5-year periods (the average rate for medium-term loans in Germany is 7½ per cent).

The High Authority's assets, which come from the proceeds of the levy on Community coal and steel production must, of course, remain liquid. Its least liquid assets are committed in deposits withdrawable at one year's notice. The banks are not lending the High Authority's money; they are merely making use in the classic manner of the credit facilities which the High Authority's funds give them. The new departure is that the High Authority has ensured that these credits are allocated to the coal and steel firms of the Community at rates lower than those normally offered on the European capital markets.

Lowering Costs

The effect of the loans in lowering production costs may be gauged from the following passage in the report dated May, 1955, made to the Assembly by its Investment Commission :

"In the Ruhr coalfield an average saving of slightly more than \$ 0,25 a tons is expected from investments affecting 33 million tons. In the coal-fields of the Nord and Pas-de-Calais in France, the concentration of production will result in a saving of \$ 1 a ton on nearly 900,000 tons a year; the extension of a shaft will lead to an economy of \$ 1,30 a ton on 600,000 tons a year ... Savings will result also from the modernisation and expansion of thermal power stations..... In the Saar, the better use of low-grade products expected in one power station will lead to an increase of \$ 0,25 a ton in the market value of the whole output of the Saar mines (16,000,000 tons a year.)."

Loans Mark New Stage in Community Growth

The first loans by the High Authority mark an important stage in the history of the Coal and Steel Community: it has now taken its place as an institution actively assisting in the financing of investments in the coal-mining and iron industries.

The basis for this policy is set forth in Articles 49 to 56 of the Treaty establishing the Community. Under the terms of these Articles, the High Authority may facilitate investment programmes by granting loans to enterprises or by giving its guarantee to other loans which they may contract. It is, however, precluded from actually engaging in the banking operations required to carry out its financial obligations. Outside banking machinery is, therefore, employed for both loans the High Authority itself contracts for and those granted to industries. The latter are allotted by the High Authority out of funds which it has borrowed in its own name.

Special attention has been paid in the American loan, to the question of securities, with a view toward applying the same procedure later on to any further loans which the High Authority might contract on the capital markets of the United States or

DISTRIBUTION OF INVESTMENT LOANS
(in thousand dollars)

Project	Total	Ruhr	Aachen	Salzgitter	S. Belgium	Nord	Lorraine	Acquitaine	Saar	N. Italy	Luxembourg
Colliery Installations	30,980	13,980	6,500	-	-	2,430	3,300	0,570	4,200	-	-
Cokeries	3,700	3,000	-	-	-	-	-	-	0,700	-	-
Thermal Power Stations	46,570	19,370	-	-	14,000	3,850	3,850	-	5,500	-	-
Iron Ore	18,750	-	-	4,550	-	-	8,000	-	-	5,200	1,000
Total	100,000	36,350	6,500	4,550	14,000	6,280	15,150	0,570	10,400	5,200	1,000

of Europe. In all this the Bank of International Settlements in Basle, Switzerland, takes a leading rôle.

Summary of Legal Aspects

The High Authority is empowered to grant loans to the private firms in the Community. These enterprises furnish promissory notes, together with mortgage deeds and other securities. In its decisions, the High Authority is guided by recommendations from special committees, consisting of industry specialists and of government and trade union representatives. The promissory notes are given in pledge to the Bank of International Settlements, for the benefit of all lenders to the High Authority, present and future. The B.I.S. entrusts the administration of the obligations and of the securities to banking institutions in the various Community countries with which it has concluded agreements to that effect.

The special feature of this procedure is that it places all lenders to the High Authority, present and future, on the same footing. The more loans the High Authority contracts and the more it grants, the broader will be the basis of security for the lenders. European holders of bonds issued by the High Authority in European currencies will thus be on equal footing with the U.S. Government with its dollar claims.

The common portfolio of obligations and securities administered by the B.I.S. constitutes a sound basis for the High Authority's credit. First, in accordance with the provisions of the U.S. loan contract, all loans are covered by mortgages or negative pledges. Second, there are, in a large number of cases, supplementary securities, such as State guarantees, bankers' sureties (e.g. from the Kreditanstalt für Wiederaufbau, a public institution), and sureties from important industrial groups.

Although these securities are more than adequate, there is, in addition, a "second line of defence" for lenders. This is the High Authority's guarantee fund, set up by means of its annual tax levy. The guarantee fund, which now totals \$ 70 million is expected to reach \$ 100 million by June 1956.

With the undertaking of its investment programme, the High Authority has set out to help coal, iron and steel industries in the Community meet long-term financial needs by acting both as mediator between capital markets and the enterprises and by encouraging "cheaper" money for capital investment.

NEWS BRIEFS

Heavy Community investment raises production.

A High Authority enquiry into the investment projects of Community firms carried out at the beginning of 1955 and recently published, shows that the production capacity of the Community's steel mills will be increased by 1957 to 57 million tons as a result of investments underway, or to be undertaken, in 1955 - an increase of 6,6 million tons over present capacity.

The steel industry invested \$ 350 million in 1953; \$ 404 in 1954, and is expected to invest still more in 1955. Half the investment is going into the introduction of the most modern rolling mill plant. This intense activity has been attributed by High Authority sources in part to the growing pressure of competition on the common market.

The enquiry shows that the other industries of the Community are also expanding capacity. Between 1955 and 1959 the production capacity of coal should climb from 245 to 265 million tons; of iron ore from 70 to 86 million tons; and of electric current produced by thermal power stations from 23 thousand million to 35 thousand million kilowatt-hours.

American Under-Secretary of State visits new High Authority President

Mr. Samuel Waugh, United States Under-Secretary of State concerned with Economic Affairs, flew by American Air Force plane on June 11 from Paris to Luxembourg to take contact with M. René Mayer, the new President of the High Authority. Mr. Waugh talked also with M. Jean Monnet, the outgoing President and with members of the External Affairs Working Group of the High Authority. Mr. Waugh who had been attending meetings of the O.E.E.C. in Paris expressed his intention of paying another visit to the High Authority when he returns to Europe in September.

Sir William Meiklereid to succeed Sir Cecil Weir

Sir Cecil Weir, the head of the United Kingdom delegation to the High Authority since 1 September 1952, left Luxembourg by 'plane on July 30 to take up the appointment of member of the British Transport Commission.

He will be succeeded by Sir Ernest W. Meiklereid, K.B.E., C.M.G., who comes from the British Embassy in Paris where he has been Commercial Minister since 1950.

Sir Cecil Weir was the first representative from a non-member country of the Coal and Steel Community to be accredited to the High Authority. His services have been greatly appreciated in European Coal and Steel Community circles where he is considered to have contributed greatly to "fostering the close and enduring association" between the Community and the United Kingdom. In particular Sir Cecil took an active part in the discussions which led to the signing in London, on December 21, 1954 of the Treaty of Association between the United Kingdom and the European Coal and Steel Community.



The eve of Sir Cecil's departure from Luxembourg, the staff of his delegation presented him, at a farewell dinner, with this album of photos and facsimiles recalling the highspots of his mission to the High Authority.

NEWS BRIEFS

Community to apply international coal classification system ?

The High Authority has published an enquiry into the coal production, analysed by qualities, of the Community's coalfields. The enquiry has been prepared on the basis of an international classification worked out by the Economic Commission for Europe in Geneva which is now being applied on an experimental basis until the end of 1955.

The High Authority's experts consider that an international classification system, replacing the widely varying terms now in use would help the consumer compare more closely the supplies offered by different producers, lead to an all-round better knowledge of the market, facilitating the better distribution of qualities of coal for specific purposes, and help develop trade throughout the common market.

International Transport barriers fall

"Transport rates are such a vital factor in the trade of bulky materials, such as coal and steel, that the abolition of the break in rates is as good as a second introduction of the single market", (Jean Monnet, Speech to Common Assembly, May 10, 1955).

On May 1st, the first break in international rail rates came as railways cut by two-thirds existing extra charges on coal and iron ore crossing frontiers.

By May 1st, 1957, the job will be complete when all extra charges on coal, ore, steel and scrap will be ended. When "International through rates" come into full effect, an estimated £ 6,000,000 in cross-frontier charges - a major obstacle to competition in the single market - will be removed.

The cumulative effect of High Authority decisions already taken to end discrimination in transport charges have meant as much as a 25 per cent saving in the cost of transport to many firms shipping Community goods across frontiers within the single market.