An Address Delivered by
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before the
Detroit Council on Foreign Relations
Detroit, Michigan on April 5, 1956.

Mr. Chairman, members of the Council, guests ....

I am honored in speaking to this distinguished group tonight. I know you are as greatly concerned with international problems that beset the world today as you are with the responsibilities of industry in the United States. It also gives me great pleasure to be here in Detroit. To Europeans, Detroit is something more than a great American city. It is a symbol of America's vitality -- a quality which Europe must approach if it is to keep pace with the Twentieth Century and achieve equal partnership in our Atlantic Community.

This evening, I would like to talk with you about a new Europe that is in the making. Those of you who have been following political and economic developments in Europe over the past few years have seen that not one but a whole series of efforts have been made to achieve greater unity among the free nations of Europe. The failure of the European Defense Community Plan in August 1954 was a shock to us, as no doubt it was to you, but it should not be inferred that European integration has failed or even that the movement toward integration has been halted.

On the economic side in particular, outstanding results have been achieved and more are now in prospect. I should like to tell you something about these achievements. Later I shall consider the impact of economic integration upon the unification of Europe.

Perhaps it is not really surprising that the line of least resistance to a united Europe should run through the economic field. I find it is much easier to get businessmen and labor leaders together around one table — or at most two tables -- to work out what should be done in their common interest, than it would be with any other group of people.

I imagine this must be so in the New World, too. At any rate, in light of my three years of experience in the Executive Branch of the European Coal and Steel Community, I think it is true in Europe.

I wish to talk first about the achievements of the Coal and Steel Community in the past three years. While doing so, I hope you will bear in mind that the Schuman Plan means far more than the creation under common institutions of a single market of one hundred and sixty million consumers for coal and steel. For us, it is and always will be the first step towards a United States of Europe.

In 1952, France, Germany, Italy and the three Benelux countries —

Belgium, the Netherlands and Luxembourg — ratified a treaty which grew out of a plan proposed in 1950 by Robert Schuman of France, and which set up a common market for coal, steel, iron ore and scrap among the six countries. This Common Market, in which all obstacles to the free flow of trade were abolished, is governed by an independent political power. Like your own Federal Government, it has an executive arm -- the High Authority — a Court of Justice and a Parliamentary Assembly. Besides these three traditional democratic institutions, there is a Council of Ministers, whose task it is to cooperate with the High Authority in harmonizing the economic policies of the six governments with the policy of the High Authority.

It may be that you do not altogether appreciate the importance of this Common Market because it is limited to four products: coal, steel, iron ore, and scrap. Yet these four products represent no less than a quarter of the total value of the trade between France, Germany, Italy, the Netherlands, Luxembourg and Belgium. That is to say, of our countries were to set up four Schuman Plans, we would have a Common Market for all trade between the six countries.

What are the results of the Schuman Plan today?

Obviously, the first thing anyone expects from a common market is an increase in trade between the member countries.

I should like, therefore, to give you four significant figures. They are easy ones to remember, if you permit me to give you them in the round. The increase in the volume of the trade between the six countries from 1952 to 1955 was approximately 30% for coal, 30% for iron ore, 200% for steel, and 300% for scrap.

There is no denying that favorable economic conditions did bring about an increase in over-all trade between our six countries from 1952 to 1955. Therefore, it has been maintained that this trade increase in coal and steel could not be ascribed to the existence of the Common Market. But this is easily refuted by looking at the figures. From the first half of 1952, that is, before the introduction of the Common Market for coal and steel, to the first half of 1955, the over-all value of the trade between our six countries went up 45%, but for the four Common Market products it went up 70%! The real increase in volume must have exceeded 70% because the price of the Common Market products has risen less than other prices. This increase was achieved despite the fact that freight costs on these bulky products are exceptionally high in proportion to value.

I have sketched the effects of the Schuman Plan upon intra-Community trade -- that is, trade between the six member nations. In addition, we have found that a single market encourages more competition and thereby more investment — stimulating productivity and contributing to an increase in the standard of living. We all know that without the stimulus of competition, a market economy will suffer the most dismal after-effects, in the form of slackness and stagnation.

The very considerable increase in trade, which followed the abolition of trade barriers, has brought about a very substantial increase in competition. Even I, who had hoped for great results from the Common Market, was rather surprised by the swiftness with which the intensification of competition produces a very considerable increase in investments.

One or two outstanding examples may serve to illustrate this increase in investments. Between 1952 and 1955, the total amount invested in iron and steel industries throughout the Community countries rose by nearly 50%. Because of the intensive investment effort that had already been made in France, the advance in the field of coal since 1952 has been less marked than in the iron and steel industries. The total amount invested in coal mining rose by 15%.

In Belgian mines,

however, coal investments went up 50% between 1950 and 1955, and German coal investments increased by more than 200% during the same period.

With this increase in capital investment has come increased productivity in the Community's industries. Certainly productivity is the key to higher living standards in a modern industrial economy. Therefore, still another lesson to be learned from our experience is that by establishing a climate of competition it becomes possible -- because it becomes commercially necessary -- to increase investments, boost productivity, and thus contribute to higher living standards.

It has been suggested that the Community fortunately started under boom conditions, and consequently it has yet to demonstrate whether it is capable of surviving in hard times.

This is not so. In 1953, there was an incipient recession in the United States, and slight economic down-turn in Europe. But then there came something completely unexpected -- unexpected because it had not happened for thirty or forty years: the revival started first in Europe, in the spring of 1954, and did not reach the United

States until after trade in Europe was already in full swing.

One cannot very well point a final moral, for our experience is still too slight. But it does seem reasonable to hope that economic expansion will become more stable as the risk of any return to protective measures by individual countries is eliminated.

[Imagine the risk of economic collapse to which the United States would be exposed if at the slightest breath of recession each of the forty-eight states imposed heavy restrictions such as stepping up customs duties, introducing quotas and restricting the movement of labor. Obviously, the threat of such measures would hold back industrial growth, new investment, productivity, and trade.

Yet Europe has been living under these conditions for several decades. Changing them is one of the great advantages of economic integration. No country today should delude itself that it can benefit by shifting its problems onto somebody else.]

Can we regard the economic integration of Europe as a key to general European union? There have been long discussions in Europe as to whether economic integration should be preceded by political integration. It was held by some that economic integration could not succeed unless there was a process of political construction at the same time; but experience has shown that economic integration is perhaps one of the best ways of bringing people closer together to work on a common task. For instance, in the Coal and Steel Community, ~~Foreign~~ Ministers of Economic Affairs, ~~and the~~ Transport Ministers, and the Labor Ministers of our six countries meet regularly to deal with the very real and practical problems presented by the operation of the Common Market. The operation of the Common Market also provides opportunities for contact between hundreds of businessmen, labor union leaders, research workers and scientists who meet regularly to consult with and advise the High Authority and members of our Parliamentary Assembly.

I think we <u>can</u> say with assurance that economic integration is a major key to unity.

Another lesson we can learn from the experience of the Schuman Plan is that if unity is to be achieved, there can be no turning back on the road toward integration. Suppose that the Coal and Steel Community had not been created by a treaty binding on all parties for a period of fifty years. In that event, neither political leaders, businessmen, nor labor representatives would have been willing to take the necessary steps for adaptation and retraining, rationalization and expansion which, to be effective, must be irreversible. You cannot enter a common market with a one-way ticket and keep the return portion in your pocket -- in case you change your mind.

The next requisite for unity in Europe, as demonstrated by the Schuman Plan experience, is that there must be an executive body with real powers balanced by institutions of democratic control.

The Schuman Plan has shown that very often it is that executive body which is the driving force in any advance, whereas the governments in their absorption in home politics have not always either the time or the means to push ahead. Real integration needs an executive body with real powers. This leads us to the dispute between the advocates of unity via cooperation and unity via institutional integration. I should not be giving a fair picture if I were not to mention the good results achieved over the last few years by international cooperative organizations like the United Nations, the Organization for European Economic Cooperation, and the European Payments Union. The O.E.E.C. has undoubtedly done a great deal for the liberalization of trade in Europe since 1948, and the E.P.U. has considerably encouraged the movement of products.

We cannot afford petty squabbling over the relative merits of different methods of economic integration and cooperation. Where integration is impossible, you have to make do with cooperation, but wherever integration is possible, then it is imperative to have integration. The cooperative organizations are severely hampered by the rule of unanimity. This "escape clause" enables any nation to retreat behind the protective barriers of nationalism if majority interests conflict with national interests. On the contrary, in institutions of integration, such as the Coal and Steel Community, there is no veto on behalf of a member government. Decisions are made in the common interest for the common good; indeed, the nine members of the High Authority are forbidden by the Treaty to represent particular member states. In the last three years, each of us has been in the minority at one time or another. Certainly the world of today is far too complicated to expect unanimous decisions on all occasions. In our own experience, we have seen that by allowing member governments the power of veto, it frequently exposes them to all kinds of pressures at home which they are not always politically strong enough to resist in their own parliaments.

May I give you an instance from my personal experience. I am convinced that subsidies to private enterprises are anti-economic, and in the long run, anti-social, yet I was once induced to grant some, under pressure from parliamentary representatives from all three major parties in my country. What an advantage I would have had then as Minister of Economic Affairs if there had been a fifty-year treaty forbidding this action and compelling us to seek out constructive solutions instead of merely introducing palliatives.

I have already mentioned another aspect that makes integration of such unique value: it is that there is no tuening back. In the economic world of today, it takes on the average twenty thousand dollars' worth of investment to provide a job for one workman. We in Europe will never, in the long run, achieve anything like full employment unless we give private enterprises guarantees that their markets will never again be arbitrarily closed to them, whether times are good or bad. If we cannot achieve and maintain a satisfactory level of employment, I am certain that in competition with the totalitarian countries we shall be unable to convince our men and women in free Europe that our system, the system of private enterprise and competition, is the best.

But what of the future? Shall we be able to push on towards a great single market for Europe or shall we be brought up short along this path which appears to lead to our only salvation? Either in a cold war or in a not-so-cold war, our systems will ultimately be judged by what they have achieved economically and socially.

It has been properly said that Europe today stands at a crossroads. Perhaps this year -- 1956 -- will determine the future course of Western European history. This month the foreign ministers of our six community nations will examine far-reaching proposals to extend the area of economic integration. No doubt you have read a good deal about these new plans in your press. Perhaps the best-known is "Euratom," a plan which would do for a peaceful development of nuclear energy what has already been done for coal and steel. The pooling of Europe's future nuclear energy resources is a very real problem for Europe because of the forthcoming shortage of power. After three years of industrial integration, we find that we had seriously underestimated the enormous appetite for energy on the part of our newly dynamic economy.

Nor are the obstacles facing the achievement of Euratom as formidable as those which arrayed themselves against the creation of the Coal and Steel Community. There are not yet vested interests in the control or ownership of fissionable materials in Europe or in the production of power by nuclear means. Nor do the complex problems of industrial and social adaptation burden its future. But it is also significant that here is a sector of the economy not yet barricaded by nationalism. I attach great importance to the success of Euratom. We do not want Europe to become, some day, what of countryman of mine has described as an underdeveloped area of the world. We are determined, one way or another, to harness the great new forces of atomic energy for the economy of Europe.

The second proposal is to win agreement among the six nations to extend economic integration in the manner that it has been done for coal and steel to the entire European economy. Of course we know, and we have certainly learned from our experience with the Community, that such a bold step cannot be taken overnight. The proposal envisages the gradual coming into being of a signle market through the progressive elimination of trade barriers and restrictive practices over a transition period of from fourteen to sixteen years. It would require complete convertibility of the currencies of the participating nations. It would mean the creation of a large European investment fund to provide capital at low rates of interest to enterprises in order that they might re-adapt themselves to conditions of free competition within a continental market virtually the size of your own.

I am sure you realize the obstacles that stand in the way of this plan, many of them real, not a few imagined, but none of them impossible to surmount. Some of the more typical obstacles that a European Common Market would face are similar to the obstacles that we have been facing, and overcoming, in the Coal and Steel Community. For one thing, national administrations hesitate to surrender portions of their traditional powers,and such a surrender is often misinterpreted to imply abandonment of national culture or pride. However, as a patriotic Belgian, I am confident that we in Europe can find institutional means of coping with the needs of twentieth century economics without encroaching on what you would call "states' rights."

Among businessmen, too, we find the natural human opposition to drastic alterations in the conditions under which they live and work. They do not always realize that the conditions they wish to preserve are frequently detrimental to their own interests, as well as to the broader common good.

In the second place, businessmen fear state intervention and regimentation. As a firm advocate of free enterprise and private initiative, I can testify that the Coal and Steel Community has not succumbed to any such temptations.

I do not mean that the Schuman Plan Treaty does not contain certain restrictions on business activity. For one thing, it contains Europe's first effective anti-trust laws, which have upset some habits of restrictive commercial practice in the industries of coal, steel, iron ore and scrap. The Treaty contains anti-cartel provisions and rules barring discrimination on the basis of nationality between buyers or producers in comparable situations. These provisions are buttressed by certain requirements of disclosure, such as the publication of price schedules. Regulation of this kind, familiar to an American audience, is, in Europe, sometimes confused with regimentation deliberately or in error.

Much of the criticism of the Coal and Steel Community has been directed not at the things we have done but at the very existence of the powers conferred by our Treaty. Naturally the Treaty vests the High Authority with a number of far-reaching powers that any governmental institution has to possess these days, such as the right in certain circumstances to fix ceiling prices, to introduce quotas and priorities, and so on. But what use has been made of these powers? Far from inhibiting private initiative, we have taken an enormous stride towards bringing the coalmining and iron and steel industries back into the market economy. They were eased out of it -- the coalmining industry in particular -- twenty years ago or more, and the result was that the coalmining industry languished, so that after two or three years of industrial expansion, Europe found itself short of coal. Within the last three years, however, the High Authority has done away with all existing instances of state intervention. There used to be maximum coal prices in the Netherlands, in Germany, in France -- they have all gone. There used to be arrangements limiting steel prices in the home market in Germany, France,