

EUROPEAN COAL
AND STEEL COMMUNITY

THE HIGH AUTHORITY

Address

delivered

by Mr. Piero MALVESTITI
President of the High Authority
of the European Coal and Steel Community

to the European Parliament
at Strasbourg

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Mr. President, ladies and gentlemen,

Turning over the pages of last year's calendar in order to retrace in their proper sequence the various events of which I am to give you a brief account, I stopped at one particular date — May 9 — as my thoughts came to dwell on the memories it evoked.

We have celebrated this historic day, in this House and elsewhere, and paid tribute, and reaffirmed our devotion and gratitude, to the man who, by his bold, peace-promoting action, put his stamp on May 9, 1950. I am referring to M. Robert Schuman.

Ten years have gone by since — quite a long time in a man's life, yet rather short in the history of nations. M. Robert Schuman has had

the good fortune, which we have shared with him, to see that the good seed which he sowed on European soil in 1950, has germinated and borne its first fruit. We have witnessed the awakening of a new European consciousness, and have built up, not without difficulties and disappointments of course, the first legal structures which, though as yet only the first hesitant moves in the preparation of a new European public law, are the institutions under whose guardianship this new consciousness will be able to gain in depth and conviction and pave the way for the ultimate merger of our several individual countries into one single, wider and stronger country.

At this point, in paying tribute to M. Robert Schuman, I cannot but associate with him all those men who demonstrated, as he did, their faith in Europe and helped to lay the foundations of our Community.

However, apart from these memories tinged with emotion, I am convinced that the most outstanding events of these past ten years are to be found in the record of the activities of this Parliament in the course of 1960, activities which foreshadow a profound change in the spirit of the European Communities.

You will no doubt recall that the year opened under happy auspices: for the first time in its history, this Parliament exercised its legislative function — the undeniable privilege of all Parliaments — by approving the insertion of a supplementary provision of a social nature in the

Treaty establishing the European Coal and Steel Community. Towards the middle of the year, this House affirmed its determination to have itself elected by the European peoples by direct universal suffrage, which is the unquestionable prerequisite of democracy. Then, towards the end of the year, the House pronounced itself in favour of the remodelling of the structure of the Communities' Executives, thereby reaffirming that it was fully aware of its responsibilities as the natural forum for political discussions. And, finally, it took the initiative in having a conference convened with the African States which recently gained their independence, and thereby provided positive proof of the political status of the European Communities.

Alongside this essentially activity, we have witnessed, during the past twelve months, an intensification of the work done by the various parliamentary committees, as also an increase in the number of questions raised in this House, which at times descended in veritable volleys upon the Executives. I mention this in the friendliest of spirits, and indeed, if I may be allowed to say so, with the satisfaction of a man who has seen develop, in their full measure, the possibilities open to the European Parliament, for the successful accession to which he has been fighting for a great many years.

The activities of the European Parliament would seem to me to be duly reflected in the measures adopted, in 1960, by the Commission of the European Economic Community which, in proposing an acceleration of the Common Market, has compelled us to press on at a quicker

pace. As a result, we now constitute a clearly-defined economic entity, in particular *vis-à-vis* third countries. This, however, in no way lessens the meaning and value of our invitation to the other European countries to join us. This invitation stands and is as sincere and cordial today as it was in the past.

It is against this background of the life and work of our Communities that the vicissitudes of the coal and steel markets stand out and that the action taken by the High Authority, of which I am to render a brief account, must be viewed.

The year 1960 witnessed a lessening in the severity of the coal crisis as a result of a better adjustment of supply and demand.

At the height of the crisis, that is from 1957 to 1958, the imbalance between supply and demand amounted to 30 million tons of hard-coal equivalent. This was reduced, from 1958 to 1959, to 21 million tons, and in 1960 amounted to no more than 15 million.

If, with this background in mind, we now compare the production losses resulting from the short-time working introduced because of the falling-off in sales, we find further cause for reassurance. For we find that against the loss of 12·2 million tons in 1959 that sustained in 1960 was only 5·8 million.

I would moreover note here that, in spite of the increase in internal demand, imports from

third countries dropped by close on 2 million tons below those of the year before. In 1960, they amounted to a little over 17 million tons, a figure which, you will agree, is far below the 44 million tons imported in 1957.

From what I have just said, it is, however, evident that the improvement observable in the coal market last year, is largely attributable to the increase in demand in certain sectors as a result of the buoyant business conditions prevailing. This improvement is reassuring indeed, but not at all consolidated, and must not, therefore, lead us to relax our vigilance.

It should further be noted that last year's improvement is not only the result of the favourable trend in the market, but also of the measures taken by the Governments, the High Authority and the enterprises, with the backing of the workers.

You are familiar with the lines of action which the High Authority follows in its endeavours to overcome the crisis in the coalmining industry, involving

the modernization of coal-winning methods and reorganization of surface installations;

the concentration of operations with the object of reducing the number of active pits and employing the men and machines in the more profitable pits and workings;

the closure of pits which are, or will in due course become, uneconomic to work.

In all these measures due account has to be taken of their social implications.

Work in connection with the reorganization of the coalmining industry and the readaptation of the redundant labour force is continuing in Belgium, in the Federal Republic of Germany and in France.

With the object of facilitating these operations, the High Authority, in 1960, implemented Article 37 in favour of Belgium, and will continue doing so throughout 1961. The relevant decision covers measures designed to accelerate the process of reorganizing the Belgian coalmining industry, to restrict exchanges of coal between Belgium and the other Community countries, to limit imports from third countries, and to control lifts from stocks in order to prevent their weighing unduly on the market.

Since Article 37 may, however, be implemented only in exceptional circumstances, the maximum tonnages fixed for trade between Belgium and the rest of the Community, as also the quotas for imports from third countries, were increased for 1961, the object being gradually to re-establish normal conditions in the Common Market.

Furthermore, the Belgian Government was authorized to grant, during 1960 and 1961, subsidies, on a descending scale, to those coalmining enterprises which are burdened with extra costs owing to the particular natural conditions of their deposits.

The first schedule of pit closures of the Belgian coalmining industry, involving a reduction of production capacity by 5.5 million tons, will in all probability be completed in 1961 instead of 1962 as originally envisaged. A start is now being made on the second schedule by which the production capacity is to be reduced by a further 4 million tons (*i.e.* 9.5 million in all) by pit closures to be effected up to the end of 1963.

With the object of facilitating the adjustment of the German coalmining industry to the new market situation, the High Authority had recommended the Federal Government to maintain also throughout 1960 the Customs duty of DM. 20.00 per metric ton on coal imported from third countries, but to fix the duty-free quota at 5 million tons. The High Authority recognized that the factors which had caused the Federal Government to introduce these protective measures would still be present in 1961, but in view of the steadier market conditions and the improved employment situation, the duty-free import quota was increased to 6 million tons.

The reduction of production capacity involved by the total or partial closure of German pits between 1958 and 1960 may be estimated at approximately 10 million tons. Overall production capacity, however, has hardly diminished, owing to the rise in productivity. In France, reconstruction operations were continued in 1960, a start having been made on the reorganization of the Centre-Midi coalfield. The reorganization of this particular coalfield forms part of an overall programme which was announced by the

French Government in 1960 and is to extend over the years 1960 to 1965.

Although, in 1960, an improvement in internal demand and in actual coal consumption was clearly observable, the relative share of coal in the Community's overall energy supply diminished still further. This share, which amounted to 54.1 % in 1959, dropped to 52.4 % in 1960, whereas that of oil increased from 27.8 to 29.5 %. At the same time, the share of brown coal went down from 7.6 to 7.1 %, whereas natural gas improved its position, increasing its share from 2.8 to 4.4 %.

A comparison of these figures shows very clearly that while consumption of hard coal and brown coal remained static, the increase in overall energy demand was covered by oil and natural gas, in spite of the import restrictions and fiscal measures introduced in a number of countries. The relative loss sustained by the former becomes the gain of the latter. Over the ten years up to the end of 1960 hard coal and brown coal lost approximately 20 %, in relative value, of their share in the Community's energy consumption, while oil and natural gas increased theirs by roughly the same percentage.

In 1961, in which industrial activity is expected to increase by approximately 6.5 %, the share of hard coal and brown coal in the Community's overall energy consumption will probably further diminish by more than 2 %, whereas oil and natural gas will gain another 3 %.

These comparisons make it quite obvious that any slowing-down in industrial activity or, worse, a recession would cause a steep falling-off in the demand for coal.

In order to lessen the pressure on coal, the Governments of the coal-producing countries, in 1960, introduced variously-scaled taxes or duties on fuel oil and light petroleum products. The problem which is causing us so much anxiety can, however, only be solved through the co-ordination of energy policies.

At this point I consider it absolutely necessary, in view of the not always impartial or well-intentioned debates and criticisms, to restate certain fundamental facts or, to put it more clearly, to indicate once more the general directives for a co-ordinated energy policy.

- (1) The ultimate objective of such a policy must be to assure the manufacturing and processing industries, including the agricultural sector, of regular supplies of energy at the lowest possible price.
- (2) Both economic theory and practical experience confirm that the surest and most economic means of attaining this objective is to allow the consumer free choice.
- (3) At the same time, we are unquestionably dealing with a structural crisis in the coalmining industry, which makes it essential to ensure this industry's adjustment to the new situation along well-defined lines.

It is inconceivable, in an economy, that a crisis in a particular sector, and more particularly a crisis of this magnitude, could remain confined to that sector, and even more so within a common market with its declared object of opening its frontiers to the free passage of goods, capital and labour. If we do not want to deceive ourselves, we must accept the fact that while an increase in purchasing power brings into play, in varying degrees, the Keynesian multiplier, a decline in demand as a result of a fall in employment will, in its turn, bring into play another multiplier, operating in the opposite sense, which apparently affects even the remotest sectors and sets off a downward trend the magnitude and impact of which are difficult to foresee.

Reorganizing the coal sector therefore involves not only action designed to prevent or, more precisely, to slow down this downward trend, but also action to open up new, better-organized and more dependable outlets for the various sources of energy.

The objection which may be made to this statement, and has indeed already been made, is this : How do you propose, or consider it possible, to achieve a co-ordination of the energy economy in the face of an economic expansion programme ? You would have to find an evolutive component for the different types of energy and extend your inquiries to the structural interdependence of the different sectors and examine the dynamics of consumption, requirements, costs, and so on, because the expansion of demand for energy depends, both directly

and indirectly, upon the structure of all the other sectors of economic activity and their inter-relationship. In short, you — that is the High Authority and the Brussels Commissions — must not proceed as do certain industrial concerns which study technical problems without taking general economic developments into account, like someone who, as has been so appositely remarked, intends to manufacture high-speed motorcars without bearing in mind the network of modern roads that will be necessary.

The definition of a common economic horizon acceptable to, and accepted by, all is thus an indispensable prerequisite for the introduction of a co-ordinated energy policy. But we have to face up to the difficulties involved by long-term studies of this kind, which come up against both political and technical and economic obstacles.

At political level, differing interests and objectives need to be brought into line. At the technical and economic levels, it is necessary to take account of the numerous variables which are subject to external influences, but which govern the long-term development of the energy market.

In its interim memorandum submitted to the Council of Ministers on March 19, 1960, the Inter-Executive Working Party on Energy posed the problems involved by the long-term co-ordination of energy policy and set forth the broad outlines of practical devices and procedures for dealing with them.

The studies and negotiations entailed by these methods can, however, be undertaken only on a long-term basis.

The discussion of the proposals in the Council of Ministers and in this House gave rise to the conclusion that the adoption of this approach for the purposes of a longterm policy did not obviate the need to resort to other forms of action, in order to cope with more immediate problems and to prevent the situation in the energy market from deteriorating still further until such time as the longterm measures were finally introduced.

For this reason, the Working Party was asked by the Executives to prepare a whole corpus of proposals. These were submitted to the Council of Ministers of the European Coal and Steel Community by the High Authority, in agreement with the Brussels Commissions, on January 10 of this year.

While these proposals make it clear, in the first instance, that among the measures to be introduced there must be none which is liable permanently to protect the more expensive types of energy and thereby arrest the salutary trend towards a fall in energy prices, they also stress the need for harmonizing commercial policies and conditions of competition, so as to remove all disparities and distortions between one country and another and one energy product and another. With this in view, the proposals recognize the need for certain protective tariff measures, which must, however, be of a temporary nature and be coupled with duty-

free quotas, more particularly for the benefit of countries which are going through the process of industrialization or are traditionally dependent upon imports of coal. Furthermore, the proposals stress the need for achieving, as speedily as possible, a certain degree of transparency in the market for petroleum products.

In addition to their proposals for harmonization, the Executives suggested a system of regular consultation. This would indeed be the most natural and unquestionably also the most effective way of initiating a common overall energy policy.

No one can pretend that it is possible to introduce such measures of harmonization overnight. Until they are fully established, the energy economy of the Europe of the Six will remain particularly vulnerable. The majority of the European collieries will be in the middle of their reconstruction operations, and the skimming of the seams in the pits scheduled to be closed will weigh heavily on prices. As for oil, it can be assumed that surplus production will continue over the next three or four years.

For these reasons, the Executives have inserted a safety clause in the corpus of emergency measures, providing for means of action designed to prevent their being caught off their guard by an energy crisis.

The various proposals, which were submitted to the Council of Ministers on January 10, 1961, were the subject of an initial exchange of views

on March 7. The Council has since unanimously agreed to hold periodic discussions with the Executives on both the structural and the economic position of the Community energy market.

The Executives are fully aware that this is only a first step towards the overall co-ordination of energy policies. The diversity of the economic, administrative and political structures of the six countries necessitated a certain degree of differentiation in the initial measures, and it was also not considered feasible to arrive at a common policy all at once.

Nevertheless, we may reasonably expect that by planning a series of successive and carefully adapted measures, the differences in the political and economic set-ups will be reduced, so that the difficulties encountered in our endeavours to establish a common energy policy, so indispensable to the European Community, will likewise be ironed out.

To continue my account of our activities, I am happy to report that 1960 was an excellent year for the iron and steel industry. The Community's crude-steel production reached close on 73 million tons. New records were established in all six countries, and the Community maintained its place in world steel production with a share of slightly over 20 %.

The investment projects approved from 1955 onwards made themselves felt during 1960:

they made it possible for supplies to meet the growing demand without causing any tightness in the market. Indeed, although production plant worked to capacity, prices remained, on the whole, steady, and both consumers' stocks and new orders stayed at a normal level.

Internal Community orders for rolled products were higher than in the previous year, whereas orders from third countries were slightly lower.

The schedule prices of most products in nearly all the six countries remained below the British and American home prices.

Since the introduction of the Common Market, the average steel prices have, in general, shown greater stability in the Community than in the United Kingdom and the United States. In terms of a constant rate of exchange, they rose by only 4% in the Community as against 18% in the United Kingdom and as much as 40% in the United States. Over the same period, the general wholesale-price index for industrial products rose in the Community (likewise in terms of a constant rate of exchange) by 8%.

The Community is successfully maintaining its competitive position in the world markets: its prices are, for almost all products, substantially below the British and American. Competition from Japan, however, is becoming increasingly keen.

Another effect of the investment policy followed by the Community iron and steel enter-

prises at the prompting of the High Authority may be seen in the improvement of the pig-iron/steel production ratio. This ratio, which had been dropping steadily since 1955, began to increase again in 1960.

Although it is still on a moderate scale, this result must be noted with satisfaction, since it is an indication that the pattern of the Community's iron and steel production is gradually becoming better balanced than it has been in the past, and that it is now less dependent on the scrap market, which, as we all know only too well, is exceedingly unstable and speculative.

At the same time, it is reassuring to note that the Community's internal supply of collected scrap rose, in 1960, by 1.7 million tons above the 1959 level.

There is, however, one aspect of the iron and steel market which calls for very special attention on our part. For some time past, the market for pig-iron, and more particularly for foundry pig and ferromanganese, has been noticeably affected by the pressure of supplies imported from third countries at exceptionally low prices. Certain doubts as to whether these imports are being contracted on a proper commercial basis would seem to be not entirely unwarranted.

Since, in principle, the E.C.S.C. Treaty leaves jurisdiction in respect of commercial policy in the hands of the Governments, the High Authority has, in the normal course of things, no means open to it for direct intervention. In

April 1960, it therefore proposed to the Council of Ministers that an ad hoc Committee on Pig-Iron be set up to examine all aspects of the problems involved. The Council readily agreed to this proposal.

The High Authority will shortly submit a memorandum on the subject to the Council of Ministers.

With your permission, I will now proceed to deal with certain matters connected with the implementation of the Treaty. I am happy to inform you that the dispute between the French Government and the High Authority over the functions and operations of A.T.I.C. has been settled amicably out of Court.

The position in regard to French purchases of coal from other Community countries now stands as follows :

(a) French consumers and dealers fulfilling the tonnage requirements previously laid down by the French Government will be entitled to buy direct (i) tonnages offered by producers and available at pits, coking-plants or briquetting-plants in another Community country or (ii) tonnages offered by dealers and available either at pits, coking-plants or briquetting-plants or on dealers' premises in such a country.

French buyers must, furthermore, comply with the requirements laid down in the trading regulations of the non-French producers. Under Article 65 of the Treaty, the High Authority

must see to it that these requirements are not such as to impose undue restrictions on direct access to the producers.

(b) In order to procure coal from other Community countries, French buyers must employ ATIC as their official representative for the conclusion and implementation of the contracts, including payment and transport.

The French Government proposed that ATIC's activities in connection with purchases of coal from other Community countries should be supervised by the High Authority. This proposal was accepted, and the High Authority appointed M. Daum, formerly one of its Members, for this purpose. We are very happy indeed to have M. Daum associated with us again. On the basis of the results of this supervision the High Authority will, in due course, decide whether or not ATIC's functions under the new regulations are compatible with the terms of the Treaty.

On February 14, 1961, following the judgment delivered by the Court of Justice on the appeal lodged by a German dealer, the High Authority issued a decision laying down the conditions which, as from April 1, 1961, the Ruhr coal-selling agencies may impose for the admission of dealers as direct-buying wholesalers.

The main provisions of the new system are as follows :

A dealer who wishes to be entitled to buy direct from the Ruhr coal-selling agencies must be able to show that, during the preceding coal

year, he sold not less than 6 000 metric tons of hard coal, hard-coal coke or brown coal obtained from the particular agency by which he wishes to be admitted as a direct-buying wholesaler.

Coal wholesalers established in France need for the time being merely provide evidence to the effect that, during the coal year 1960/61, they sold not less than 2 500 metric tons of hard coal, hard-coal coke or brown coal obtained from the particular agency by which they wish to be admitted as direct-buying wholesalers.

Another possibility is now open for the first admission of wholesalers who hitherto were not supplied direct : in order to attain the regulation 6 000 tons, they may consolidate the tonnages which they procured indirectly from several coal-selling agencies. Provided the total thus obtained is sufficient, they may apply for admission to any one of the three Ruhr coal-selling agencies.

Over and above these conditions, the former system has been altered in two further points :

The division of the Common Market into seven sales areas has been done away with ;

Applicants for admission as direct-buying wholesalers need no longer have branches in the sales areas in which they propose to operate or show that they are in fact marketing a wide range of types and grades of coal.

I now propose to touch on some matters connected with transport.

You will no doubt recall that, in 1960, the Court of Justice, on an appeal lodged by two member States, reversed a High Authority decision, mainly on the grounds that the High Authority had no statutory powers of its own to issue regulations in the matter at issue.

Subsequently, the High Authority, taking due account of the Court's judgment, took up the matter anew. On March 1, 1961, it recommended the Governments, in accordance with Article 14 of the E.C.S.C. Treaty, which leaves the Governments "the choice of appropriate means for attaining the objectives specified in the binding recommendations," to adopt all the general or specific measures designed to ensure that the rates schedules, charges and regulations of every kind in force in respect of the carriage of coal and steel within the Community are duly published or notified to the High Authority. Such publication or notification should be made in a manner and form designed to ensure that the rates schedules, charges and regulations of every kind will be duly applied by the carriers, thus offering comparable rates to all users in comparable positions. It should, in addition, be such as to facilitate the implementation of the measures taken or to be taken in connection with the introduction of international through-rates and the harmonization of transport rates and conditions of carriage.

The two Governments concerned recently lodged appeals with the Court of Justice with the object of having this High Authority recommendation withdrawn.

As you can see, the High Authority has many procedural and other difficulties to contend with in endeavouring to deal with the problems arising in connection with the carriage of coal and steel. We shall continue to do all we can to find the most effective and speediest means of disposing of the uncertainties which are still weighing on the Community transport system at a time when, within the framework of the Common Market, the bases for a European transport policy are being established.

The situation of the coal and steel markets as I have just described it is reflected in the movement of manpower.

In the iron and steel industry, the total number of men employed rose, during 1960, by over 20 000, an increase which is substantially above that recorded in 1959. At the same time, it should be noted that the rate of increase in the labour force was smaller than the rate of increase in production. Technological progress in recent years has so pushed up productivity that it was possible to increase production without taking on a corresponding number of extra workers.

In the coalmining industry, on the other hand, the labour force was diminished, in 1960, by over 72 000 men, which exceeds the figure for 1959. At the same time, short-time working was reduced by more than one half in all the Community countries.

Payment of the "E.C.S.C. Allowance," which was instituted in 1959 for the benefit of Belgian

miners affected by short-time working, was continued throughout 1960. At its meeting on January 10, 1961, the Council of Ministers unanimously agreed to the High Authority's proposal to continue payment of this Allowance throughout 1961.

February 9, 1960, saw the expiry of Section 23 of the Convention containing the Transitional Provisions, concerning the readaptation of workers. It is no exaggeration to say that it is largely due to the provisions of this particular Section that the Common Market has produced positive results in the social field. The balance-sheet for the period extending from the date on which Section 23 was first implemented i.e. when the Common Market was introduced, up to February 9, 1960, may be summarized as follows: during that period, more than 115 000 workers received readaptation assistance, and the High Authority made available 42 million dollar units of account for this purpose.

On March 29, 1960, this House made use of its legislative powers and amended Article 56 of the Treaty by inserting certain provisions proposed by the High Authority with the object of enabling the readaptation benefits to be extended also to workers discharged in consequence of structural changes in the coal and steel markets. The new provisions of Article 56 have in the meantime already been implemented on behalf of 2 000 Belgian miners.

The provisions concerning readaptation assistance are the outstanding novelty which the

E.C.S.C. Treaty introduced into economic and social policy. They are based on the principle that the workers should not be made to bear the brunt of changes in the pattern of the market or of technological progress. The changes which have taken place in the structure of the economy over the past ten years are, however, much greater than could be foreseen in 1950. Trends in the market for certain products have placed not only individual enterprises within the Common Market, but entire geographical regions in a critical situation. The measures needed to counter a crisis of this magnitude will have to be so comprehensive as in some cases to go beyond the scope of the High Authority's existing powers.

Admittedly, the provisions of Article 56 empower the High Authority to finance projects designed to create new, economically sound employment opportunities which will ensure the re-employment of workers discharged in consequence of profound changes in the marketing conditions for coal and steel. At the same time, the High Authority has not the necessary means of action at its disposal to deal with the problems arising from the cessation of activities where this takes place on such a scale as to bring about the economic decay of a region.

In view of the seriousness of the crisis in certain coalfields, the High Authority and the Council of Ministers decided, at the end of 1959, to convene an inter-Governmental conference to examine the problems facing these regions and to work out ways and means for their industrial

redevelopment. The conference was held in Luxembourg from September 27 to October 1, 1960, under the chairmanship of my colleague, M. Reynaud. It was attended by delegations from the six Community countries and from the United Kingdom, and high-ranking officials of the E.E.C. Commission, the European Investment Bank and the High Authority. In addition, observers were present from the Austrian Government, the United States diplomatic mission to the High Authority, the International Labour Office and the Organization for European Economic Co-operation.

The conference was highly successful, although its work could naturally be of an exploratory nature only. The exchanges of experience and ideas did, however, produce important results which are now the subject of further detailed studies.

Obviously, the institution of a regional redevelopment policy calls for particularly close co-operation between the national Governments concerned and the European Institutions.

The results of the Redevelopment Conference may, I think, be summed up as follows: it was an initial step towards creating employment where the workers already are, instead of expecting them to move to it. For industry should serve man and not the other way round.

This implies also that the reluctance of the workers to leave the localities to which they are

accustomed is at last accepted as an established fact.

The Treaty presupposes a greater degree of geographical mobility on the part of the workers than is in fact the case. It therefore needed to be supplemented by some separate device.

It should be possible to review this concept and to work out socio-political means of action more in line with the human expectations of the working population.

The High Authority is thus convinced that by convening this Conference, jointly with the Council of Ministers, it made an important contribution towards the working-out of fundamental socio-political concepts which are bound to come more and more to the fore in the course of the coming ten years.

One sphere in which the provisions of the E.C.S.C. Treaty are continuing to prove effective is the financial sector. Last October, the High Authority floated a new 35-million-dollar loan in the United States. As happened previously, this third public issue of the High Authority on the American money market was fully subscribed on the day the offer was made. Including this loan, the High Authority has up to now raised ten loans in all, to the total of 250 million dollars, which are being employed to assist the financing of Community enterprises' investment projects and of workers' housing schemes.

The proceeds of the new loan have already been allocated in full among a number of Community enterprises.

During the first four months of 1961, the High Authority contracted three further loans, in Community countries and in Switzerland, for a total amount of 7 1/2 million EMA units of account.

Two of these loans are to be used to facilitate investment in Community enterprises, while the third has been set aside to help finance the construction of houses for Community workers.

Mr. President, ladies and gentlemen,

On the strength of this account, which is set out in great detail in the High Authority's Ninth General Report, we may safely conclude that, overall, 1960 was a good year.

Our task was made easier by a consistently high level of economic activity generally. The High Authority is satisfied that it has done everything in its power to derive the best results from the favourable overall situation prevailing.

In this belief, the High Authority now lays before you its Ninth General Report and confidently awaits your judgment on the work it has accomplished.

I would, however, take this opportunity to point out to the Members of this House that technical considerations in connection with the implementation of the Treaty are now giving way to much weightier considerations of a political nature. The problems with which we are more particularly concerned are those relating to the revision of the Treaty and the merger of the three Executives.

The studies concerning a possible revision of the Treaty dealt in the main with the problems connected with the coal-selling agencies.

The High Authority/Council of Ministers Joint Study Committee submitted a report on its work at the Council's meeting on March 7, 1961.

At the same meeting, the High Authority stated its position regarding the possibilities suggested by the German members of the Joint Study Committee for amending Article 65 of the Treaty by means of a "minor revision". In the High Authority's opinion, this would necessitate the insertion in the Treaty of an Article 65A providing for the possibility of authorizing joint selling agencies possessing economic powers which exceed the limits imposed by the Treaty as it now stands. To comply with the conditions governing the "minor revision" this new Article should :

- (1) apply to both coal and steel, in accordance with the theory prevailing since Article 56 was amended ;

- (2) leave the power of authorization exclusively in the hands of the High Authority as provided for in the existing text of the Treaty, so as not to make any changes in the competencies of the various Institutions ;
- (3) go only so far as may be necessary to put the market on a sound footing ;
- (4) empower the High Authority to carry out checks and to take action where necessary, in order to counterbalance the power of an organization occupying a dominant position in the market.

This is how matters stand at the moment.

The Government of the Federal Republic of Germany intends to submit to the other Governments and to the High Authority a set of fresh proposals which are to be discussed at the meeting of the Council of Ministers of E.C.S.C. fixed for May 16 next.

You are already familiar with the High Authority's views on the problem involved by the proposed merger of the Executives. Certain comments I made on the position taken by the High Authority at the November session make it, however, necessary for me to state our views a little more clearly.

We are not defending the principle of supranationality simply from a sense of duty or be-

cause we are clinging to a tradition which, though going back a mere decade, has become established in Europe in connection with supranational economic administration. Nor do we defend the supranational principle because of any particular sympathy for an abstract principle which might indeed satisfy the noblest of aspirations, yet might in the end prove entirely unrealistic and thus have no part to play in the course of history. No! We know full well that in defending supranationality we are defending a principle of vital importance. M. Robert Schuman made it perfectly clear that supranationality represents "a new degree in the scale of powers." For it introduces a system which, by setting up common institutions and laying down common rules, makes it possible to avoid the paralyzing effects of a national veto and hence to achieve a great task truly in common.

For the moment the decisions taken by the heads of State and of Governments in Paris last February must suffice our minds, if we recall the political situation and conditions prevailing in the world some years ago. This is not to say, however, that they fulfil the hopes of our impatient hearts.

In his book "Europa und die Seele des Ostens" (Europe and the Soul of the East), the German writer Walter Schubart points out that the outcome of the French Revolution, or at least one of its most significant aspects, was not the execution of Louis XVI, but the burning of Moscow, the awakening of the Slavonic East. He stresses

that no decision was arrived at between the opposing parties in the First World War, but that it would almost seem as if Providence had planned that war for the Slavs. According to him, it was the Slavs who won that war. "This", he adds, "is an undeniable fact, notwithstanding the Russian Revolution."

After the Second World War, the loss of European hegemony to the gain of outside forces became sharply apparent. Europe's difficulties stem essentially from its political division, which are aggravating more and more the consequences of the failure to return to the single European market as it existed prior to the 1914-18 war, and, above all, the consequences of the closing of world markets.

Mr. President, ladies and gentlemen,

The international events of recent weeks have demonstrated most forcefully not only that the historic conclusions I mentioned a moment ago concerning the awakening of the East and its presence in all latitudes are irrefutable, but also that in a troubled world which has lost its bearings a united Europe would constitute an indispensable and invaluable factor of political balance and moral tranquillity. These events also suggest that certain problems which are difficult to resolve at national level may probably find their natural solution at European level in that solidarity which is the major concern of

the Governments who believe in the fruitful and lasting effects of freedom and abhor the encroaching influence of distant, powerful dictatorships. And finally, they demonstrate that the "pax romana," which stood for peace throughout the known world, peace within the law and framework of a higher and stronger civilization, can be guaranteed and ensured by the unanimous determination of the European peoples, of whose single-hearted urge to unity you, the Members of this House, are the chosen symbols.

Above all, it is incumbent upon you not only to support, correct, guide and approve our endeavours, but also to combat in the public mind that feeling of discouragement, that refusal of responsibility, and that deep-rooted tendency to particularism which hitherto, in our own countries, have been exploited by those who turned a deaf ear to the demands of our time, and which, outside our Community, represent the best hope of those who have up to now found them a useful aid, and perhaps the most effective contribution, to a policy of intimidation. For, as the tragic events of the past have shown to all of us, blind fanaticism and the desire for power know no sharper weapons than the fear and disunity of others.

I am also fully convinced that a united Europe would help to ensure all over the world a process of acclimatizing political doctrines and adjusting present instruments and future objectives. This is the firm belief of a man who, at the head of the Executive of the first European

Community, cannot but retain a vivid memory of the hopes aroused more than ten years ago by the Schuman Plan to which I referred at the beginning of my address and which, I would emphasize in conclusion, is today as living and essential a concept as ever it was.