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Jean Monnet, the founding father of the European Coal and Steel Community (ECSC), became the first President of the High Authority (1952-1954). Mr Monnet and his French successor, René Mayer (1955-1957), implemented ECSC policy during the transitional period.

They initially increased trade between the Six. In order to achieve this, they abolished customs duties and quotas as well as export taxes in transport tariffs, while at the same time introducing direct international tariffs. Trade in coal and steel between partners increased substantially. Finally, the coal shortage, which had almost killed off the European iron and steel industry after the war, was largely overcome. The regular supply of iron ore, scrap metal and coal made it possible to regulate industrial growth within the Six.

The transitional period

The High Authority was established in Luxembourg on 10 August 1952. The common market in coal, iron ore and scrap metal was subsequently set up in February 1953 and was extended to iron and steel products in May 1953. On 1 January 1953 the first European tax – the ECSC levy – was introduced.

Steel producers had a five-year period to adapt to the new conditions of competition. Thanks to State aid, Italy successfully modernised its iron and steel industry. It also hoped that European integration would help to resolve the unemployment problem, which was to some extent linked to the mobility of its workforce. Belgium, on the other hand, was unable to modernise fully its coalmines in Wallonia.

Conditions of competition

The Treaty establishing the European Coal and Steel Community (ECSC) stated that the High Authority was responsible for establishing the best conditions of competition among the various producers. It was also to prevent the restoration of producer cartels by requiring businesses to advertise their prices openly and by monitoring mergers. However, in practice, iron and steel manufacturers, by virtue of their mutual contacts, continued to fix prices on the basis of the state of the market and their funding requirements.

Regulating the market

The European Coal and Steel Community (ECSC) failed to attain the targets set by the Treaty as regards the dismantling of the cartels. Increased productivity actually encouraged businesses to form increasingly powerful groups. This prevented the total dissolution of the Ruhr's coal-selling cartel, an objective which had been high on France's agenda.

However, fears concerning the German cartels proved to be largely unfounded. France ensured that it had access to coke from the Ruhr, Italy benefited from the free movement of scrap metal, and Luxembourg profited from the expansion of its market.

Social policy

During the negotiations which led to the Treaty establishing the European Coal and Steel Community (ECSC), the trade unions drew the attention of the negotiators to the danger of a downward social trend triggered by the establishment of the common market. What they feared was having to confront dumping tariff practices resulting from the different social conditions in the six Member States.

Despite these fears, the ECSC played an important role in the social field. It encouraged improvements in health and safety at work and improvements in vocational training. The Treaty of Paris, which aimed, inter alia, to improve the standard of living of the ECSC's workforce, provided for Community financial aid for the retraining of dismissed workers and banned the practice of lowering wages as a competitive device. The High Authority also launched an ambitious house-building programme especially for miners and steelworkers in order to resolve the shortage of council housing from which Europe had been suffering since the end of the war. The ECSC financed and built more than 150 000 council houses between 1952 and 1979 throughout the whole Community. The High Authority also made great efforts to conclude a European Convention on Social Security for migrant workers, as well as working towards the introduction of the five-day week.

Moreover, thanks to the privileged relationship which Mr Monnet maintained with the Americans, the ECSC was able to raise loans – 100 million dollars in 1954 – from the United States, although the American capital market remained virtually closed to European businesses. The United States actually recognised the ECSC as an independent and sovereign body, one authorised to sign a tariff agreement with the United States under the General Agreement on Tariffs and Trade (GATT). This highly symbolic political recognition also enabled the High Authority to grant loans to European businesses and to finance social adjustment programmes.