

## 'The High Authority defines its coal policy' from Le Monde (19 February 1955)

**Caption:** On 19 February 1955, the French daily newspaper Le Monde considers the solutions put forward by the High Authority with a view to maintaining the economic stability of the European coal sector.

**Source:** Le Monde. dir. de publ. BEUVE-MÉRY, Hubert. 19.02.1955, n° 3 133; 12e année. Paris: Le Monde. "La Haute Autorité définit sa politique charbonnière", p. 10.

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## The High Authority defines its coal policy

### Top imperative: lower and more flexible prices

The High Authority's coal policy is to be neither routine, nor adventurous, nor autarkical. These are the main policy lines of the hefty report that was recently published, defining the Community's general objectives.

As a brief reminder of the fuels that compete with coal (petrol, gas), the High Authority states that coal represents only 67.8% of energy consumed in the ECSC, as opposed to 82.8% in 1929. In twenty-five years, its relative importance has thus been reduced by a fifth.

While a certain rise in coal consumption can undoubtedly be anticipated, the estimates are quite risky, varying from 2 to 26%! Moreover, they depend on the policies that governments of the six countries will follow in the years to come. Certain suggestions have been made by Luxembourg to put an end to the social and fiscal anomalies that distort the competition between energy resources. But this reform is insufficient.

It is absolutely imperative that the coal industry lowers its sales prices as quickly as possible, although such efforts are not compatible with most governments' post-war policy for the greatest production possible. Since the energy market is subject to significant fluctuations in demand, due to variations in economic activity, the High Authority feels that production peaks do not need to be supported by Community coal.

### Prudent production

According to Luxembourg, the pool coalmines need to tread carefully and leave covering jumps in demand to the other supplies such as imports and petrol. Petrol cracking could be a regulating (and no longer perturbing) element of the market. In such a way, the Community collieries would not have to maintain marginal mines during periods of expansion, which puts strain on the average production cost. Nor would the collieries have to abandon the mines in economic slumps, since it creates difficult problems in terms of retraining the labour force.

Recourse to importation will thus become a more common procedure. How will price ratios become established? The High Authority feels that competition with importation and other sources of energy will lead to the following conclusion regarding the average level of coal production prices: greater flexibility in prices actually practised at different moments in time becomes a necessity that is imposed by the facts. The recourse to authority decisions on prices to set quotas or impose variations could be limited to exceptional circumstances.

Furthermore, it is by limiting the monopolistic order transfer procedures or "sliding" of demands that the High Authority intends to bring sellers to a more flexible price scale structure.

In periods of economic depression, the High Authority does not intend to pursue an autarkical policy. The Community, it states, should not turn to unjustified protection against importations from outside countries. Moreover, the rule of free flow on the Common Market applies to all coal, whether it is from the Community or not. But these principles must be reconciled with the dispositions of the Treaty whereby Member States retain their sovereignty in terms of trade policy, except for limitations expressly outlined by the Treaty. This reserve allows the High Authority to hide behind the States and obtain a reasonable limit on imports in the event of a Community sales slump.