

Address given by Paul Finet (Strasbourg, 13 May 1958)

Caption: On 13 May 1958, in Strasbourg, Paul Finet, President of the High Authority of the European Coal and Steel Community (ECSC), gives the European Parliamentary Assembly (EPA) an overview of the measures taken by the High Authority to deal with the economic difficulties affecting the European coal and steel industries.

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Address by M. Paul Finet (Strasbourg, 13 May 1958)

Mr. President, ladies and gentlemen,

The High Authority has today the not altogether enviable honour of being the first of the Executives of the three Communities to give an account of itself to the European Parliamentary Assembly, which is henceforward to exercise the democratic control that is so much in the spirit of our Treaties and so essential to the building of Europe.

The High Authority is in no way daunted to find itself the first on the Assembly's timetable: it was, after all, the High Authority which, nearly six years ago now, dared to blaze the trail towards a united Europe.

A few days ago, we celebrated with special solemnity the anniversary of the Declaration of May 9, 1950, in which the statesman whom you have unanimously elected your President, M. Robert Schuman, first called upon the countries of Europe to take part in the greatest and most bloodless of revolutions.

The Sixth General Report comes at a significant moment in the history of the Community. It marks the completion of the transition period, during which so many problems have been attacked, so many measures successfully introduced, so much experience assembled.

The High Authority, therefore, has first, in one short volume, set forth its policy and outlined how it intends to proceed in the various fields under its jurisdiction and has then gone on to describe in a second volume all that it has done since the Treaty came into force.

The High Authority has thus provided the new Assembly with a basic document from which its future annual progress reports can be developed. It hopes in this way to help not only all the newcomers whom I have such pleasure in seeing in this new and larger Assembly, but even, it may be, the tried stalwarts of the Common Assembly of the E.C.S.C.

But two new circumstances materially affect the situation in which the High Authority will have to carry on its work.

The first is that the economic situation, which until very recently had been consistently favourable apart from a slight setback in 1953-54, has now changed. A recession is in evidence outside the Community. And even inside, although in general expansion continues, certain slackenings in tempo are observable here and there which are involving difficulties for the two sectors with which we are concerned, the coalmining and iron and steel industries.

That is now the background against which the High Authority must maintain its watch on developments in the market and adjust the practical detail of its procedure.

The second fresh feature of the situation is the establishment of two new Communities, with whose executive bodies the High Authority is already instituting a co-operation which promises to be most beneficial to the interests of Europe.

This is obliging the High Authority to rethink the whole of its duties and responsibilities in terms of this wider integration, and to examine the lines on which they will have to be carried out in future, endeavouring at the same time to establish how the coal and steel markets can be made to work still more effectively within a generally-integrated economy.

It is with these two outstanding points, the present economic situation and the extension of the European Community, that I propose to deal today.

The present economic situation is dominated by the dread that a long recession in the United States may accentuate the decline in other countries, and indeed throughout the Western world. I propose to touch

briefly on this situation, and then go on to describe what means the High Authority has of coming to grips with it in the fields of coal and steel.

It is outside the Community that the recession is being most sharply felt. In the United States, indeed, production is lower today than it was at the time of the drop in business in 1953-54. And in Britain for the past year and more no increase has been recorded in overall production.

This economic situation in two of the most important industrial countries is directly affecting the raw-material market, and accordingly the resources and purchasing position of the raw-material producer countries.

The difficulties in which producers in America and Britain are now finding themselves are reflected in a reduction of their imports, which in turn affects the volume of capital goods exported by the Community to these third countries. The Community is, therefore, in a position to do quite a lot to limit the recession in the world at large, in so far as, by keeping up its imports it can help to maintain economic activity in countries which are at the same time its customers.

In the Community countries, economic activity during the first few months of this year has been about 3% higher than during the corresponding period of last year. This is, however, a definite drop in the rate of expansion, since the figure for the same months in 1957 was 8%.

It is, of course, true that the sectors of industry which are doing less well than heretofore are those which have particularly close ties with the world markets. Again, drops in general economic activity are observable principally in those countries of the Community, such as the Benelux States, whose economic activity is largely centred on imports and exports.

The trouble is that, owing to the special characteristics of their production and outlets, the coalmining and iron and steel industries are very directly exposed. It is for this reason that even this mere slowing-down in expansion is sufficing to cause difficulties in the coalmining industry, and to accentuate the problems of the iron and steel industry, where export demand is contracting. It thus underlines the special position of these industries, which calls for special action accordingly. It is the forms which such action is to take that I am now going to describe for you. I shall draw a distinction between actual measures to deal with a given economic situation and measures to maintain the required long-term rate of development.

As regards its more immediate action, the High Authority has all along been fully alive to the implications of the easing in the markets which first became apparent as long ago as the spring of last year — my distinguished predecessor as President of the High Authority drew your attention to it from this very rostrum — and has already felt obliged in certain cases to introduce indirect measures.

In the steel market, the boom had resulted in considerable tightness, which was not calculated to promote competition among producers. Now, however, competition is becoming active once more.

Over the past five years, steel prices have risen everywhere. As you no doubt know, however, the increase in the Community has been 50% less than in the United States and the United Kingdom. Today Community producers who formerly charged higher prices are lodging schedules showing lower ones. Indeed, the decrease is much greater than is apparent from the actual schedules, as alignments with the lowest schedules are becoming more and more general.

Keener competition is thus having a good effect, but it is the High Authority's duty to see that cut-throat competition does not creep in by indirect ways. To this end, the High Authority some time ago instituted regulations in connection with sales of second-choice products, to prevent improper downgrading during slack periods leading to undercutting and discriminations.

At the same time the High Authority is keeping well in view all risks of disturbances in the market, and particularly those which might result from any misuse of the right of alignment.

Thus in the case of coal it was found that some limit would have to be imposed as regards the lengths to which alignment could legitimately go. A system rather more flexible than that in force during the transition period has now been introduced. Competition thus continues effectively, without involving disturbances in certain coalfields as a result of uneconomic shifts of coal sales within the Community.

The same principles have guided the High Authority in its work in connection with cartels. Its aim has thus been to ensure that the necessary efforts can and will be made to adapt and rationalize production in face of the present economic position.

Faced with a stabilization, or even an actual decline, in traditional demand, producers will turn — in fact they are already doing so — towards the potential outlets in other parts of the Common Market. And the lingering traces of market compartmentation, which good times have helped to keep in being, will tend to disappear, to the great advantage of the consumer.

The High Authority intends to see that this highly desirable trend is not interfered with by attempts to reintroduce the old protective systems now abolished, by means of agreements serving to share out markets, to restrict production or to fix prices.

The Community countries have certainly not renounced the protection afforded to their national markets by Customs tariffs simply to make room for a different sort of protectionism arising out of agreements among the producers.

The High Authority has no particular qualms regarding the rationalization operations which this competition will bring in its train, but it is at the same time making all due arrangements regarding the safeguards the Treaty provides for the workers, and the means of action open to it under the Treaty to help regularize production in the event of difficulties.

In the coal sector, the High Authority has discussed with the Governments, in accordance with Article 57, what means could be employed to “regularize and influence” coal consumption in general, and consumption by the public services in particular. It has sought to ensure that consumers do not run down stocks which they have built up in the normal way, and buy less accordingly. By so doing they could make it still more difficult to sell the coal produced, and would at the same time endanger the continuity of employment at the mines.

During the coal year which has just closed, the problem of the Belgian coal has been growing daily more acute. The integration of Belgian coal into the Common Market is first and foremost a structural problem. The developments in the market situation inevitably brought out its true importance, just at the time when the five-year transition period was coming to an end. Only part of the Belgian industry has succeeded in qualifying for immediate integration. The remainder — leaving out of account four collieries in the Borinage, which are being studied separately — will need, before it can so qualify, to undergo drastic reorganization, as the Belgian Government and producers have recognized.

Early in February of this year the Belgian Government notified the High Authority of its intention to claim the benefit of Section 26,4 of the Convention containing the Transitional Provisions. The whole problem of the integration of Belgian coal into the Common Market has thus now reached a decisive stage.

The High Authority is now studying the reorganization schemes, and is to go on shortly to examine the Belgian Government’s proposals regarding subsidies. I would recall that under Section 26,4 of the Convention containing the Transitional Provisions the High Authority’s agreement is required concerning the amount of the subsidies and the manner in which they are to be granted, and the Council’s concerning the tonnage qualifying for subsidization. The High Authority is examining the matter with all the care which the seriousness of the situation demands. It intends to authorize no subsidies except where there is a definite scheme for thoroughgoing and effective reorganization.

In the case of the Belgian coalmining industry the downward trend in the economic situation has strongly underlined the structural problems needing attention. Elsewhere, on the contrary, it is to be feared that the situation is blinding quite a number of people to the vital demands of long-term development.

The High Authority must recall in this connection that the General Objectives were worked out on the basis of a long-term average economic trend. It cannot too strongly emphasize the unwisdom of constantly querying and rethinking the long-term outlook in the light of the state of the markets at a given moment. Its aim and object is to lay and to maintain the indispensable foundations of economic and social development.

Despite the fifteen and a half million tons of coal and coke now stoked at the pitheads, it is absolutely essential that the production of certain grades should be expanded, if the Community is not later on to become excessively, and increasingly, dependent on imports.

If Community coal is to withstand competition both from imported foreign coal and from other sources of energy, this expansion in production will have to come from new pits and from increases in productivity achieved by concentrating and modernizing existing coal-getting operations.

Any increase in production depends on the recruitment of an adequate labour force and the preservation of stability of employment in the coalmining industry. The High Authority some two years ago suggested that a Miner's Code for all mineworkers in the Community should be framed, in accordance with certain broad outlines which it had worked out. So far this idea has not met with sufficient response. The High Authority is, however, still convinced that a Code embodying a number of terms especially favourable to the miners would be of the greatest help as regards raising the status of the occupation and reducing the high turnover of personnel.

With the same end in view — that is, to help bring about the desired expansion of production and stabilization of employment — the High Authority has worked out the details of a systematic policy for providing financial assistance to encourage the building-up of buffer stocks.

In view of the points made in the General Objectives concerning the upward trend in the demand for coal, it goes without saying that a determined effort will have to be made to prevent unemployment from following on the heels of shortage, and shortage on the heels of unemployment, as has so often happened in the past, and indeed happened as recently as 1953-54.

Responsibility for the building-up of stocks falls primarily on the collieries themselves. They do so as and how their means permit and where necessary with financial assistance from their banks. It must, however, be borne in mind that the collieries would find it much more to their advantage to stockpile if they were able, at times when business was improving, to put up their prices sufficiently to recoup the expense of stockpiling. Since excessive peaks are prejudicial to economic stability, it is proper and necessary that something should be done to offset this disincentive. Now it is to the advantage of the Community as a whole that production should be regularized, so that it will come in a steady flow irrespective of fluctuations in demand. All the coalfields are equally affected, for if one is having difficulty in selling its coal there are bound to be repercussions in the markets of the others: continuity of production and employment is essential if men are to be attracted to the mines and kept there. And it is to the advantage of the consumers in general that there should be no stoppages in production to jeopardize its long-term expansion, and that stocks should be available to cushion the sudden convulsions which are apt to accompany any marked upturn in the demand for coal.

The High Authority has submitted this problem together with suggestions for dealing with it, for the agreement of the Council of Ministers. A preliminary exchange of views revealed fairly considerable differences of opinion between it and certain member Governments. These are causing the High Authority some concern, particularly as the introduction of the financial measures provided for in Article 53 require that the Council's agreement shall be unanimous.

The High Authority has also raised with the Council the various problems in connection with coal imports,

just as you urged it to do in your Resolution of June 28, 1957. Its quarterly survey on the level of procurement and charter contracts for American coal has shown it that some imports have been in excess of consumers' real requirements, so that these extra tonnages are encumbering the market.

In these circumstances, the High Authority has come to the conclusion that it will need to secure additional data regarding imports from third countries, and to convene more frequent meetings of the Committee of Government representatives which has hitherto examined the situation in the coal market every three months.

The High Authority suggested this course at the last meeting of the Council of Ministers. It feels certain that the Governments will do all they can to help.

In the field of technical research, it was with this same object of maintaining the long-term rate of expansion in as economic a manner as possible that the High Authority decided to finance a number of projects. It is, for instance, contributing direct to research on the driving of underground roadways and support in gateroads. It is also working hard to ensure the co-ordination of research in connection with the vaporization of coal. As regards safety in mines, the competition which it organized at the end of last year for the devising or improving of firedamp detectors and instruments recording carbon-monoxide content has been widely welcomed; in view of the number of entrants the results ultimately forthcoming should be of considerable interest.

The High Authority's work in the field of technical mining research is not confined to coal. In view of the increasing insufficiency of the Community's supplies of iron and manganese ore, it has decided, for its part, to grant financial assistance on a considerable scale with a view to intensifying and speeding up the prospecting of African deposits at various points along the Guinea coast.

Savings in the consumption of metallurgical coke are one of the most important long-term objectives in the High Authority's steel policy. Over and above the research now in progress and planned, it has decided to institute further schemes relating to the direct reduction of iron ore by gases or solid fuels unsuited for blast-furnace use.

It has also decided to make a large appropriation for basic research on the shaft furnace, and for tests with a number of rotary furnaces already installed in the Community.

Finally, it has approved industrial tests in connection with the elimination of brown smoke produced in oxygen-blown converters. Any results achieved under this scheme will directly benefit hygienic conditions in the steel-producing areas of the Community.

The High Authority has been most gratified by the evidence it has encountered of increasing comprehension on the part of the circles concerned in the industry for its work in this field.

All this that the High Authority is doing to maintain the rate of expansion in our industries despite the slowing-down in economic activity is in the ultimate analysis a basic part of its whole function. And in doing it the High Authority feels it is truly fulfilling the task assigned to it by the Treaty — that is, "to contribute to the expansion of the economy, the development of employment and the improvement of the standard of living in the participating countries."

This same task, Mr. President, ladies and gentlemen, has today devolved in their respective fields, upon the new Communities also. From now on we are all working together towards the same goal. And so it is natural that the three Communities should seek to determine together, by common accord, how they can best arrive at it, with due regard for the powers vested in them and the requirements made of them by their respective Treaties.

It is with this problem, and with the measures the High Authority proposes to take to dispose of it, that I shall be dealing in the second part of my address to you.

Since the two new Communities entered upon their duties there have been a number of meetings and discussions between their Presidents and between their executive bodies. There are, of course, a number of complications: the fact that no permanent headquarters has as yet been decided upon is a particularly material impediment, which is causing certain unfortunate hold-ups in the organization of co-operation at administrative level.

Co-operation with the other Communities is, of course, rather a special matter so far as the High Authority is concerned. In the course of the six years of its existence, the High Authority has inevitably acquired experience of its own, and instituted its own ways of going to work, and adopted particular organizational forms. It has accordingly to adapt itself to the new situation. But it has in actual fact long been prepared for such an eventuality.

As you know, the High Authority has continually drawn attention throughout the past six years to the difficulties arising from the limitation of integration to two sectors of the economy. It has emphasized again and again that the full effect of what is being done in the coalmining and iron and steel industries will be felt only when it falls into place as part of the all-round integration, and ultimately the unification, of Europe.

Its entire activity and organization have all along been so conceived as to make provision for this prospect of eventual full integration. So it is all the better placed today to adapt that activity and organization with a view to developing in consultation with the Council of Ministers, and preparing in collaboration with the other Communities, the general conditions needed for the integration of our economics.

It is obvious that co-operation with the other two Communities will take a different form according as it relates to that part of our work which we have been doing in the knowledge that it was to dovetail into a wider Community, or to that part which — as we are all the more keenly aware in the light of the present economic situation — is definitely bound up with the special conditions prevailing in the coalmining and iron and steel industries.

All the problems which have arisen in connection with the first aspect have so far been satisfactorily dealt with thanks to very comprehensive co-ordination between the proceedings of the High Authority and of the Council of Ministers, and to vigorous encouragement from the Common Assembly.

This extended co-operation has been based on the recognition of two manifest truths — the fact that the economic development of the six countries most materially affects the coalmining and iron and steel industries, and the converse fact that the coalmining and iron and steel industries represent a very major item in the national income of certain Community countries and in the economic situation as a whole.

It is in consideration of these two points that Article 26 of the Treaty provides that “the Council and the High Authority shall exchange information and consult together” on economic policy.

And these same two points are the reason why it is necessary that there should be co-operation among the three Communities in this field also. The Council of Ministers’ Resolution of October 13, 1953, on the co-ordination of economic policy laid down a regular procedure for the joint study of market conditions. And for the past four years and more the High Authority has been carrying out such a study in consultation with leading experts from each of the six countries.

May I remind you in this connection, Mr. President, ladies and gentlemen, that the Resolution in question was the work of M. Rasquin, then Minister of Economic Affairs in the Luxembourg Government. The High Authority wishes to take this opportunity to pay sincere and sorrowful tribute to his memory.

This procedure for study and discussion we must now, in co-operation with the European Economic Community, the European Atomic Energy Community and the Council of Ministers, adapt to suit the new situation.

In the social field, the very implementation of the provisions of the Treaty has obliged the High Authority to extend its attentions beyond the bounds of the coalmining and iron and steel industries. Thus social security for migrant workers cannot be organized on a separate basis for two particular industries; the wage level in these industries can be judged only in relation to wages in general. This is why the High Authority has embarked on such ambitious surveys concerning workers' employment, wages, social security arrangements, terms of employment, and standard of living.

In the field of statistics our survey on family budgets, the preliminary findings of which we have just published, our survey on social security benefits, which we have confined to begin with to the coalmining industry, our publication of nominal wages in the different branches of the industry — all these furnish information of value well beyond the confines of the coalmining and iron and steel industries.

There will need to be complete agreement in the future between the two institutions on the conduct and scope of such studies, in order to avoid duplication of effort.

The High Authority especially welcomes the European Economic Commission's action in pressing for an early implementation of the convention on social security for migrant workers signed in Rome in December of last year as a result of joint efforts by the Governments, the International Labour Office and the High Authority itself.

In yet another field, transport, co-ordination will definitely need to be instituted between the European Economic Commission and the High Authority. I need only remind you that the portion of the transport sector which is governed by the rules of the Coal and Steel Treaty is a very considerable one in relation to the total volume of transport in the six countries generally, and that several agreements in this connection have been concluded in the Council of Ministers of the Coal and Steel Community.

The High Authority is carrying out a study on the harmonization of transport charges and conditions of carriage in respect of Treaty products. It is already apparent that this will be a major contribution to the operation of the General Common Market and the co-ordination of transport policy. It is being conducted in collaboration with economic experts particularly versed in matters connected with transport and with the siting of industries. It is possible that a preliminary report on this all-important subject will be submitted to the Assembly at the June session.

Finally, as regards external relations, the three Communities' activities and representation *vis-à-vis* third countries must of course be fully unified.

It was, admittedly, in the context of general integration that we assumed these various duties of concern to us all, but it was at the same time that we might the better fulfil our own specific mission under the Treaty in the field of coal and steel. That mission is still there. And the means at the High Authority's disposal under the Treaty are still there too. They will become only the more effective as a result of the institution of the two new Communities. After all, are not the two industries under our jurisdiction the basis of economic development in the European Community, as M. Schuman stressed in his Declaration of May 9, 1950?

With regard to these specific duties of ours, I should like to dwell in particular on certain recent High Authority measures and decisions which seem to me illustrative of the policy the High Authority intends to pursue.

As regards transport, general studies were undertaken some time ago on the subject of the so-called "special domestic tariff measures". These have now been completed. In February of this year the High Authority supplemented its previous decisions in this connection by a series of further decisions concerning carriage of fuels and ores. They are all aimed at eliminating supporting devices incompatible with the Treaty.

The High Authority's main concern has always been to arrive at a constructive solution. To this end it had earlier submitted to the Governments suggestions which, if adopted, would both have done away with the supporting tariffs very quickly and have avoided any serious disturbance. It proposed the introduction of a

general tariff specially adapted to the particular characteristics of consignments to the enterprises concerned. As, however, it had no powers of its own to enforce such measures, it had in the end to content itself simply with implementing the terms of the Treaty as they stood. It agreed that supporting tariffs already in operation at the time when the Treaty first came into force should be done away with over periods of from two to seven years, "to avoid any possible economic disturbance".

In another field, that of agreements and concentrations, the High Authority is bound by very definite and specific provisions, the object of which is to ensure that the degree of organization and concentration proper and necessary in view of the special conditions in the coalmining and iron and steel industries is not insensibly superseded by attempts to eliminate competition or to secure monopolistic or privileged positions for particular enterprises.

The High Authority's function is thus actively to discourage over-large concentrations of the type which can, all too often, if they choose to abuse their power, dodge the economic effort required of them, and are always liable to become involved in the adjacent sphere of politics.

Of the various activities of the High Authority in this connection, I propose today to touch only on what it is doing regarding the coal-selling agencies.

As regards the Comptoir Belge du Charbon ("Cobechar"), I would assure the Assembly that the High Authority is giving the closest attention to the effects the operation of this agency, which as you know sells on behalf of all the Belgian coalfields, is likely to have on endeavours to grapple with the structural problem of the Belgian coalmining industry, which I referred to a few minutes ago. Selling agencies are, of course, authorized solely with a view to ensuring better distribution: the High Authority could not possibly allow such a body to develop into an impediment to the reorganization so urgently needed by the Belgian coalmining industry.

If it should prove necessary to take a definite decision, the High Authority would be obliged to review the terms of its authorization to Cobechar in the light of present developments.

As regards the three Ruhr coal-handling agencies, the High Authority is following with the greatest interest the proceedings of their Consultative Committee, which it regards as a testing-ground for an extremely promising form of co-operation. The Committee's work is, moreover, a particularly valuable complement to the regular supervision which the High Authority exercises over the activities of the three agencies and their ancillary bodies.

In accordance with the various points which its supervisory activities have brought to light, the High Authority has taken certain decisions the details of which will be found in the General Report.

One of these requires the agencies to notify the High Authority four weeks before new price schedules are lodged of their intention to make changes in the level of coal prices.

Another introduces amendments of the trading regulations, more particularly in respect of the Netherlands market. Our investigations had revealed that the direct-buying wholesalers in the Netherlands were unable to compete effectively. We subsequently decided not to allow the three agencies to reintroduce a minimum tonnage, below which dealers in the Netherlands would not be entitled to buy direct from them, until July 31, 1958. We felt, and still feel, that all dealers desirous of qualifying as direct-buying wholesalers should be given every possible chance to do so.

It would appear that we have been successful, since already seven further dealers in the Netherlands have been accepted by the agencies as direct-buying wholesalers. Opportunities for increased competition have thus been created.

With regard to investment, the High Authority has various responsibilities and means of action of its own under the Treaty. After the high level reached in this field in 1957, it would not have been unreasonable to

expect a certain falling-off. However, the returns received during the first four months of this year indicate, I am glad to say, a further major increase, since they are two-thirds as high again as the figures for the same period last year. Nevertheless, the High Authority is going ahead with its own work of facilitating investment in the coal and steel sectors. To this end, it is seeking to raise additional capital on advantageous terms which will assist and stimulate investment. It is sounding various outside capital markets. And in view of its good credit standing and of the most encouraging outcome of its loan operations to date in third countries, it feels certain that it will continue to obtain satisfactory results in this field.

As regards its social policy, the High Authority means to push ahead most vigorously with all that it has been doing up to now to implement the provisions of the Treaty by the means which the latter places at its disposal. It intends to propose to the Governments that action be taken to draw up a second schedule of occupations to be covered by the agreement implementing Article 69 of the Treaty concerning freedom of movement for workers, and feels certain that its representations will be received in the same liberal spirit as has been responsible for the corresponding provisions in the Treaty establishing the General Common Market.

The High Authority is carrying on with its assistance for the building of workers' houses. Continuity is essential to all work in this field. Allowing for the time which will be needed to prepare its financing operations, it has now decided to launch a third scheme for 1959-60.

This will involve the contribution of some fifteen million dollars out of the High Authority's own funds, derived from the interest on capital invested and the proceeds of fines, in addition to which we hope to raise a further fifteen million dollars in the capital markets of the Community.

Furthermore, in conformity with the Assembly's Resolution, the High Authority has embarked on a large-scale field survey in regard to the housing situation. It has been carried out in the various coal and steel-producing areas of the Community, where 40 000 workers were contacted individually during April and May of this year by trained field investigators. The results will show how many workers are still living in hutments, and how many housing units short we actually are.

You are familiar with the High Authority's programmes in regard to industrial health and medicine. This is not, of course, a field in which we can expect quick and spectacular results. On the other hand, if worthwhile results *are* to be achieved, it is essential that the work should go forward steadily and without interruption. This stability and continuity is what the practical arrangements devised for the payment of the High Authority's financial contribution are intended to ensure for the specialists and research workers concerned.

The apprehensions here and there in the Community as to the future of enterprises which are not satisfactorily adapted to conditions in the Common Market have been accentuated by the expiry of the transition period and its special precautionary measures. Thus the Italian iron and steel industry is now deprived of its last remnants of tariff protection. And the Belgian collieries are no longer covered by a compensation scheme.

Accordingly, there is a quickening of interest in those provisions in the Treaty which are designed to ensure that the labour force does not have to bear the expense of readaptation, and that they will always be sure of productive re-employment.

We feel we should emphasize that the readaptation operations in progress as at February 10, 1958, the date when the transition period expired, are continuing and will continue until the measures agreed between the Governments concerned and the High Authority have been fully implemented. Moreover, the Governments and the High Authority will still be entitled up to February 10, 1960, to take action under Section 23, though from now on this will require the agreement of the Council of Ministers.

At the Council's last meeting the High Authority asked for its agreement in respect of measures to assist a group of Italian iron and steel enterprises. The Council received this request in a manner which bore witness

to the Governments' complete understanding of the difficulties that may still arise for certain enterprises.

But one problem remains. Article 56 of the Treaty is indeed intended to shield the workers from the repercussions of the introduction of new technical processes and new plant in accordance with the High Authority's General Objectives. But it is proving none too easy to implement, owing to the many absolutely essential prerequisites involved.

At the same time, what has been done to date regarding readaptation since the introduction of the Common Market has demonstrated the remarkable value and flexibility of the provisions of Section 23.

In view of this, it has been suggested — and the idea was taken up by the Common Assembly, more particularly by its Social Affairs Committee — that the Treaty might be usefully revised as regards this point.

However, the High Authority intends to act on this only when an overall approach has been worked out as to the range and scope of any such revision.

Our Community is not, any more than the other two Communities just set up, a monolithic bloc presenting an impenetrable front to the rest of Europe and the world.

The European Coal and Steel Community has consistently pursued a policy of comprehensive co-operation with third countries. And in so doing — I need cite only the Resolution on commercial policy adopted on November 19, 1957 — it has received the unfailing encouragement of the Common Assembly.

The reduction of our countries' external tariff protection below the level allowed by GATT is tangible evidence of this determination. It formed the basis of the tariff agreement which the High Authority was able to conclude with the United Kingdom in the Council of Association. This agreement is more than a mere demonstration of the important part which the Council of Association is playing in the development of co-operation between Great Britain and a united Europe: it shows that Britain has found it to her advantage to introduce a steel tariff very much closer than heretofore to that of the six Community countries. And it indicates that the principle of harmonizing Customs duties has been accepted by our friends across the Channel.

The fact that this agreement represents such a notable success for us impels me to go on to say something about the project which is so close to our minds and hearts — the Free Trade Area.

I propose only to mention one or two points which the High Authority considers to be absolutely fundamental if concrete and positive results are to be secured in the domain of coal and steel.

The High Authority feels the pricing system within the Common Market definitely requires that we should similarly frame rules to apply within the Free Trade Area. It considers that subsidies will need to be prohibited just as they are in the Common Market, if we are to be sure that conditions of competition between Community and non-Community enterprises might not possibly be distorted by unilateral action on the part of individual Governments.

Finally, the High Authority regards it as essential that any arrangements regarding the Free Trade Area should include a saving clause enabling action to be taken to correct or offset distortions (whether emanating from public or from private bodies) which would be liable to affect competition.

With regard to gluts and shortages, the Community must retain the right to take action in accordance with its powers under Articles 58 and 59 of the Treaty. Some means will have to be found to enable the other countries, subject to the maintenance of a strict balance of responsibilities and advantages, to link up with any allocation or quota systems introduced in the Community.

Well, Mr. President, ladies and gentlemen, that concludes my statement — no doubt rather on the long side,

and yet really only a very condensed account of the High Authority's policy.

The expiry of the transition period marks the end of the first stage in the Community's existence. The High Authority's work has brought home to all of us the common interests which link our six peoples, and the means by which the Treaty enables us to work for them.

The possibilities for expansion which the Common Market offers are henceforth a definite item in the producers' economic calculations. They have taken the measure of the new field open to them and recognized that it has come to stay.

Those workers who have from the outset been for the European idea have today, over and above the first benefits they have derived from the High Authority's social policy, the satisfaction of seeing the trade unions which were earlier doubtful or even hostile coming round on to our side. Surely this is evidence of the appeal to the working class of the safeguards and potentialities offered it by what we are doing and by the prospects which the new Europe is opening up.

And just at this juncture, with Europe really taking shape in men's minds, we have the happiness of seeing the new extensions to our Community. I have already spoken of the increased effectiveness likely to be ours now that there are no longer any limits on European integration. Nevertheless, Mr. President, ladies and gentlemen, the advance towards a united Europe is made up of successive steps and stages. The extension in depth which we have just achieved will need to be complemented at no very distant date by an extension in breadth. The Free Trade Area must be this further milestone in Europe's progress.

As we go forward we are firmly convinced that none of our problems will prove insurmountable, so long as we maintain our determination to push the process of European integration right to the point of actual unification, and to associate the Europe beyond our borders with this endeavour, with which is bound up the future of one and all.