

Address given by René Mayer on the ECSC's Annual Report (Strasbourg, 14 May 1957)

Caption: On 14 May 1957, René Mayer, President of the ECSC High Authority, presents the Annual Report of the European Coal and Steel Community to the Common Assembly.

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Address by M. René Mayer, President of the High Authority to the Common Assembly, Strasbourg, May 14, 1957

Mr. President, Gentlemen,

This year, thanks to you, my task is, if not actually lightened, at any rate simplified. The Assembly last year expressed the desire that the High Authority's Annual Report should be rather less of a purely descriptive document. You demanded that the Report, which has now been in your hands for some weeks, should give you not only the account which the High Authority is required to render of its activities during the financial year 1956-57, but also the main outlines of the policy it intends to pursue in regard to the fundamental problems arising, or persisting, for the Community now that the Common Market for coal and steel has been in operation for four years.

For this reason, our Report this year contains a good deal of matter, particularly in the introduction, which I shall be careful not to go over again here. Nor can I, obviously, reply in advance at this stage to the many questions and criticisms or the requests for elucidation which this bulky document will no doubt evoke from the Reporters to your Committees and the Members of your Assembly.

I shall therefore seek only to draw your attention more particularly to a number of points which the High Authority feels are worth going over together. I should like to emphasize right at the start that four years are a comparatively brief period in the development of economic integration in basic industries characterized, inevitably, by a certain *vis inertiae*. Yet, although a period three times the length is proposed today for the introduction of a General Common Market among our six countries, this Report is the last before the expiry of our Treaty's transition period in February of next year.

It is therefore perfectly reasonable that the two debates to be held on the Report before June 30 should not be wholly confined to recalling the rules laid down in the Treaty and the manner in which the Institutions of the Community and the six Governments have striven during the twelve months under review to see that those rules were obeyed.

As the Report says, the High Authority felt that the time had now come, in the ordinary course of development, for it to examine its record over the transition period, and also its intentions in regard to the prospects of the Community in the years to come.

How far have the expectations of the makers of the Treaty been fulfilled?

In what ways have economic developments — which have departed so widely in some respects from the hypotheses on which we based ourselves in 1950 and 1951 — affected the implementation of the Treaty?

What is to be done to dispose of the difficulties still persisting, which are by no means always those originally foreseen?

What means are we to envisage for the future work of dovetailing the two partially-integrated sectors, coal and steel, with the Communities now to be established under the Treaties recently signed in Rome?

All these questions are present to your minds, and to the mind of the High Authority.

While we make no pretence of answering them all, still less of answering them all at once, we feel we can justifiably ask you to agree that our General Report in its introduction, and in its chapters on the General Objectives of the Community, on coal policy and on social policy, does give you what you looked for from us. I need hardly add that our work was greatly assisted by M. Pierre Wigny's admirable Report on behalf of your Political Affairs Committee, approved by an overwhelming majority at the February Session, on the moral and political balance-sheet of the Community's first four years. This «testimony,» as M. Wigny has entitled it, was of the utmost value to my colleagues and myself.

For while any self-examination presupposes a philosophy, or the striving after one, what it presupposes above everything is a method. The first attribute we are entitled to require of a method employed by an institution such as ours is that it should be objective. And from that point of view M. Wigny's Report is eminently satisfactory. We trust that the same care for objectivity will be a feature of future criticisms, comparisons, exhortations and demands addressed to the High Authority.

The High Authority, Mr. President and gentlemen, can only implement the Treaty as it stands, not as certain quarters — sometimes contradicting one another — would quite understandably like to see it implemented. The Treaty does not, to our mind, allow the High Authority to employ political criteria in the implementation of its provisions on industrial concentrations.

Nor does it allow the High Authority in its work of guiding investments to institute centralized, authoritarian planning: another Treaty might have required it to do so, but not the one which was in fact concluded.

The Treaty does not allow the High Authority, without breaking a very stringent rule, to publish the opinions it issues on enterprises' investment programmes. This admittedly limits the example value of the reasons for its conclusions, but it is nevertheless required, under the law we all accept, for the safeguarding of professional secrecy on behalf of the enterprises, whether private or public.

I need not go on from these few examples, which are moreover familiar to you, to list all the others which I could quote from the field of social policy, in which the fixing of wages and social charges has been left under national jurisdiction, even as the High Authority's work in regard to readaptation has been left contingent upon action by each member State concerned.

Having asked you to bear this in mind, the High Authority wishes you to realize quite definitely that it has no intention whatever of pulling back from its powers under the Treaty into passivity. It has, indeed, left no stone unturned, especially in matters of social policy, in its endeavours to work out ways of raising the standard of living and levelling up conditions generally by every means available to it under the Treaty, with the necessary agreement of the Governments. And it is resolved to continue doing so, assured as it is of the full support of your Assembly.

There is no one more firmly convinced than the Members of the High Authority that Europe cannot have a common economic policy, such as the High Authority is constantly urging the Council of Ministers to map out, unless that policy is supported by the employers and the workers, and particularly by the latter and their unions.

And there is no one more firmly convinced than ourselves that our close and sustained contact with these organizations provides an opportunity for us to bring home to them the tremendous importance for the improvement of living and working conditions of the economic possibilities which European integration opens up as regards dealing with the questions which the miners and steelworkers are, most legitimately, asking concerning the future of their industries, regularity of employment, social security, working hours and wages.

In his speech to your Assembly in November 1955, M. Rey, in a particularly felicitous phrase, emphasized the role which your Assembly and the High Authority could play in social affairs in the six countries of our Community.

The High Authority, for its part, realizes the special function it may be called upon to perform in the interplay of forces determining the level of living and working conditions. Standing as it does in possession of the full picture, in a position to discern where a balance can or should be achieved, in process of demonstrating, by its regular study and documentation work, the extent and accuracy of its information, the High Authority is ready, not to umpire for the various Governments and social groups if they challenge that, but to hold the ring, its authority accepted rather than imposed, and likely to be asserted and proved effective in negotiation, failing recourse to legal bases which the letter of the Treaty does not provide.

The social progress which we consider to have been already recorded as a result of the degree of integration achieved in the coalmining and iron and steel industries may be gauged from various figures in the General Report which give some idea of the development in living and working conditions in the Community.

I should like to add to them a few details concerning the improvement in productivity since the introduction of the Common Market, and the bearing which productivity has upon the standard of living of Community workers.

The High Authority is well aware when quoting certain figures that the utmost caution is necessary, since its experience is short as yet, and methods for gauging productivity are, in any event, still somewhat unreliable. It feels, however, that the time has come to give an account of the position when the factor concerned is such a vital one to any assessment of the work of integration, which it is now proposed to extend.

In the hard-coal mines, underground output per man/shift went up from 1,401 kg. in 1953 to 1,529 kg. in 1956, an increase of 9.5 %. This is, as a matter of fact, a much smaller increase than that for industry as a whole in the Community countries during the same period.

Calculated on the basis of the figures given in the O.E.E.C. Statistical Bulletin, the productivity index for all the Community processing industries together rose between 1953 and 1956 by 19.5 %, which is more than double the increase in output in the coalmines.

This is a fundamental point to which we shall be reverting later, which brings out the peculiarly difficult position of the coalmining industry as regards production methods. It may be added, however, that the output per man/shift in the British collieries has remained stationary, while in the Polish mines official figures show that from 1952 to 1955 it fell by 7 %.

It is a much more difficult matter to assess productivity and its fluctuations in the iron and steel industry.

To begin with, production methods, even at the crude-steel stage, vary so greatly that it would be impossible to arrive at conclusive results without a special analysis on the basis of country-by-country comparisons.

Furthermore, if we seek to compute the extent in each separate country of vertical concentration between enterprises, that is, the extent of up-the-line integration of coking-plants, iron-ore mines and collieries, and of down-the-line introduction of processing services, we find that it is difficult to furnish figures for this sector at all.

There are, however, two sets of indices which can be compared.

Between 1953 and 1956, the number of men employed in the iron and steel industry of the Community increased by 10 % at most. Crude-steel production on the other hand went up during that period by 43 %. The conclusion is that the increase in output per worker on the job can be put at something like 30 %. Even though that is a very rough estimate, the fact remains that output per worker in the iron and steel industry has gone up faster than productivity in the Community processing industries as a whole (19.5 %), and the iron and steel industry is in a particularly favourable position in our six Common Market countries.

If we now go on to examine the relation between output and wages, what, approximately, do we find?

In the collieries, real earnings per shift worked underground went up in the Community by about 30 % between 1953 and 1956. As I was saying just now, underground output per man/shift went up by only 9.5 %. Thus the increase in the real wages of miners underground was not only greater than the increase in output: it was greater even than the average increase in productivity in the processing industries (19.5 %). There is nothing surprising in this. All that has happened is that the need to put the miners definitely in the lead as regards wages suddenly became glaringly obvious, thus bringing out a factor of extreme importance to the development and the future of Europe's coalmining industry, and demonstrating how indispensable it is in the expansion of that industry to have due regard to the human element.

The Community iron and steel industry between 1953 and the middle of 1956 recorded an increase in real earnings per hour of 29 %. This coefficient is very close to the figure for the increase in output, which I gave you just now as approximately 30 %. Real earnings per hour in the iron-ore mines have also increased by 30 %.

If we were further to examine the movements of these indices from year to year, we should find quite understandably, that the increase in actual earnings per specified period of time in the three Community industries was particularly marked from 1955 to 1956, corresponding to the tremendous expansion — indeed unprecedented in some of the member countries — in the activity of the iron and steel industry, a major consumer of coal and iron ore.

The surveys undertaken by the departments of the High Authority will make it possible, thanks to the inquiries now being carried on in co-operation with the official statistics bureaux in the different countries, to establish the wage curve in the Community industries as against the other industries. This will dispose of one of the points so frequently raised by those who complain of a timelag between the expansion of production in the Community and the movement of wages.

Suffice it to say today, pending the results of the more detailed studies, that such conclusions as can be drawn from the material available do not bear this out: it would not appear that real wages are falling behind industrial output in the economic expansion now in progress in the Europe of the Six, which it must be the aim today to provision, to maintain and to advance.

1956-57, Mr. President and gentlemen, will stand out as the year of the Suez crisis, overshadowed by the problem of Europe's dependence on others for energy. In the space of a few months, the people of our six Countries have come to realize what a problem it is. And already they have been showing both their interest in what can be done to deal with it and their anxiety that there should be a regular flow of supplies.

The events of recent months have also demonstrated that the energy problem is a single indivisible one — a point to which the High Authority has never ceased to draw the attention of the Governments. When it was instructed to publish a second version of the General Objectives of the Community, it proceeded as a matter of course, with the assistance of the Governments and the experts, to draw up estimates for energy supplies and energy consumption, without which it would be impossible to outline any realistic objectives for the coalmining industry.

It was an advantage to the High Authority in this connection that one of its Members, Vice-President Etzel, was, by a happy choice, appointed as one of the «Three Wise Men» to whom the Foreign Ministers of our six Countries entrusted the task of drafting the first common objectives for the production of nuclear energy on an industrial basis.

The studies upon which these three eminent men engaged, the Report which they have submitted, and the wide range of information of which the High Authority was able to avail itself, served to corroborate the forecasts and aims which our own work on the General Objectives had already led us to lay down.

Your Assembly has expressed the desire, which is also the desire of the High Authority, that Herr Etzel should pass on to it the main conclusions arrived at by the Three Wise Men, and I shall not, therefore, touch on this subject before him.

In the field of conventional energy, the General Report has reproduced for you the Resolution carried in Rome by the six member Governments, requesting the High Authority to frame proposals concerning methods which would enable their countries to adopt a rational and co-ordinated policy for conventional energy as a whole.

The High Authority's information is that certain quarters are perturbed at what they regard as an encroachment upon a sector in which it has no jurisdiction. I can only say how surprised we are that such

concern should be felt. It would indeed be a matter for complaint had we failed to state the position.

Will not the whole structure, objectives, methods, policy and future activity of Europe's coalmining industry depend on the view which is taken of such an energy policy?

How can guidance possibly be provided for investments, or any opinion be formed on price policy, or on the valorization of coal into secondary energy, and more particularly into electric power, without reference to the figures obtained by wider study?

And how can proposals for an import policy, and still more for a chartering policy, ever be framed for the Governments unless we have these figures as a basis — a duty expressly enjoined on us by the Treaty when it states that we must «ensure that the Common Market is regularly supplied»?

Ensuring regular supplies has a double implication for the Community. There is its short-term action and regular study of economic trends. And there is what we now find to be involved by the fact that the Europe of the Six must always be structurally an importer of coal, unless there should be an unforeseeable and startling drop in general activity and in steel and energy consumption per head of population. And this latter implication will be with us for many years — the factor which is responsible for our going more deeply into the question of capacity to be developed and extensions to be planned, which you will find set forth in the section of the General Objectives dealing with this problem.

May I, in this connection, dwell a little on the problem of investments in the Community collieries.

The High Authority's day-by-day study of the investment projects declared to it in accordance with Article 54 of the Treaty reveals that, whereas the proportion of capital schemes planned by the iron and steel industry is increasing steadily, the share of the coalmining industry is going down and down.

Despite the investments now under examination, over and above those already completed, extraction capacity is not increasing at anything like the same rate as foreseeable coal requirements. What is more, the provisional figures from the 1957 investment survey show that the amounts invested during 1956 were well below the amounts for 1953 and 1954.

Taking this point in conjunction with what I was saying earlier concerning the rise in productivity in the collieries, I think I may claim to have summed up a situation which, as may be seen from the chapter in the General Report on coal policy, must rank as one of the major problems of the Community, both for the High Authority and for the Governments of the member countries, whose general economy and balance of payments alike can be very definitely affected by the pattern of their fuel supplies.

You will, I am sure, Mr. President and gentlemen, agree with us that the tightness of the capital markets of Europe is not alone to blame for the inadequacy of investments in the coalmining industries of the Community.

Uncertainly from the economic point of view as to the future price of coal and its ability to withstand competition from liquid fuels, the attitude of the Governments in regard to the rate-making policy of the public gas and electricity services, which are the customers of the collieries, the widespread idea, never yet properly thrashed out, that the price of coal is all-important, as the factor controlling the movement of prices as a whole — all these combine to produce a scarcity of the capital which could be invested in the collieries, to raise the rates of interest, and in some instances to push self-financing beyond the limits of what is reasonable, even given the rather exceptional type of depreciation permissible on coalmining installations in this respect.

To examine these questions with the Council of Ministers, and to work out a coal policy which can be accepted by the Governments, the producers and the workers' organizations, is one of the duties of our institutions.

This examination was begun at the last session of the Council, on May 9 and 10.

The Council studies in considerable detail the overall material submitted to it by the High Authority on various problems of price and wage policy and of investment policy.

Following these discussions, the Council instructed its Co-ordinating Committee to work out, in time for its next meeting, the terms of reference for a joint committee which would be required:

firstly, to settle methods for gauging the increase in productivity in the coalmining and iron and steel industries of the Community;

secondly, to establish, after examination, whether the weights of coal and steel production in the indices of the different countries are comparable or whether they require to be corrected, in accordance with the ratio of these products to the gross national product of each country;

thirdly, to submit proposals for a co-ordinated policy on the part of the member States, making it possible to put in hand investments known to be essential and of special urgency for the achievement of the General Objectives.

The success of this work, which would bring in its train a number of effective decisions for the industries, does not depend on the High Authority alone.

The High Authority has stated its position as regards coal policy in general. It is convinced that an adequate margin of profit is indispensable to the future of coal production however organized, whether by the State or by private enterprise.

It has been struck to see how closely its own view corresponds with that expressed on April 16 of this year to the Economic and Social Council of the United Nations by Mr. Eugène Black, the president of the International Bank for Reconstruction and Development. He was speaking of the current conviction that cheap energy is essential, and he pointed out that the really expensive kilowatt was the kilowatt which the economy needed but could not get.

In face of the long-term energy problems raised for us by the expansion of our industries and the improvement of the standard of living in our Community, we hope that the studies which are to be undertaken with a view to working out a co-ordinated energy policy will yield a corpus of principles in regard to coal production, imports, prices, finance and taxation which can be recommended and observed with the agreement of all concerned.

Indeed, the problem of investments in the collieries is by no means the one and only point to be borne in mind in seeking to ensure that the present potential of the Community is developed to the full.

During the past year, production capacity was not fully utilized: far from it.

In 1956, actual extraction was 250m. metric tons, which is well below the extraction potential of 263m. Shortage of manpower was undoubtedly the reason. The same problem will of course arise in connection with the extension of capacity and the sinking of new pits, although their more up-to-date production methods will help to raise actual productivity.

The manpower problem is therefore a matter of vital importance to Europe's coal potential. The producers know it, the unions know it, the Governments know it. As I have already mentioned, the miners are being granted wage increases in order to keep them at the top of the wage scale.

In some countries direct incentives have been introduced to attract and keep underground workers. As the Assembly is aware, the form and financing of these bonuses have been the subject of differences of opinion between the High Authority and the German Federal Government which have not yet been settled. In none

of the discussions on the matter was there any attempt to contest the actual principle of offering a special incentive to this particular group of workers, who are keenly appreciative of its advantages, as are, indeed, the Federal and Land Governments, which can point in justification to the increase in the number of miners in the Ruhr since the introduction of the bonus.

The Conference on Safety in Coalmines which was called by the Council of Ministers at the suggestion of the High Authority completed its work with record dispatch and thoroughness. With the Assembly's permission, I should like to take this opportunity to thank all those who took part in the proceedings and helped to ensure that the final resolutions were adopted. It is a particular pleasure to mention the most valuable assistance received from the British experts and the International Labour Office.

The Assembly will also, I am sure, allow me to pay tribute in this connection to my colleagues M. Daum and M. Finet for the most able manner in which they conducted to its conclusion a venture which had at its inception given rise to certain apprehensions and anxieties — although these the High Authority never shared.

The Council of Ministers, after examining the findings of the Conference, received our proposals concerning the action to be taken by the Governments, both now and in the future, to implement them.

As a first measure, the Governments and the High Authority confirmed the institution, as decided in the Resolution of September 6, of a permanent body to study and propose the most effective measures for raising safety in coalmines to the highest possible level. The chairman of this body will be a representative of the High Authority, and the High Authority will also be responsible for the secretarial side.

I shall end my account of these basic considerations regarding colliery labour problems by mentioning something of what has been done and achieved during the past year in the work of framing a Social Security Convention for Migrant Workers.

This Convention provides that all periods during which a migrant worker was previously insured or employed may be added up for the purpose of establishing his eligibility for benefits and the amounts payable to him, and it arranges for benefits in both cash and kind where the worker or his family is outside his country of employment.

In this way it substantially reduces the social-security obstacles to true freedom of movement for workers.

The Convention was approved in principle by the Council of Ministers at its session on February 7, 1957, and it is hoped that the final text will be ready and adopted by the summer.

The development of the iron and steel industry in the Community is largely dominated by problems in connection with the supply of raw materials.

The High Authority kept your Common Market Committee informed of the manner in which it was managed, as your Assembly had hoped it would be, to avoid declaring a serious shortage and introducing measures for the allocation of coal during the past winter.

The Committee made a thorough study of the way in which coke and coking coal supplies reach the Common Market, and more particularly the iron and steel industries of the Community.

It was given an account of the manner in which the High Authority had had to even out the conflict between the obligation to keep households properly supplied and the entitlement of mine-owning steelworks to priority on the coal produced by their own pits.

Owners' rights of this kind could never, of course, be disregarded, and moreover they are today an integral feature of the iron and steel industry in more than one member country — a factor the very extent of which, if it were to go any farther, might in certain circumstances give rise to special problems of its own.

At times of tightness in the market, these rights must obviously not be exercised beyond a certain point — the point where other consumers would have to be rationed, which under the Treaty they could only be by the implementation of Art. 59. If this eventuality were to arise all prior claims on supplies would fall to the ground, and the entire production of the pits, whoever the owner, would be brought under a scheme for compulsory allocation. In order to avoid such an emergency, the High Authority has already induced various iron and steel enterprises, chemical firms and public services owning pits in the Ruhr to set a voluntary limit to the amount of coal they will claim under these owners' rights, and to take a reasonable share of imported coal.

At the same time, the check which it is keeping on the delivery schedules of the three Ruhr coal-selling agencies, and the veto which it can if necessary interpose, enable the High Authority to take effective action in this connection, and thus to prevent any discrimination in the supplying of different consumers, and more particularly of different mine-owning steelworks.

M. Fayat's Report to your Market Commission will make it possible for these matters to be discussed with advantage at the June session.

Admittedly, matters are at the moment a good deal easier in the coal market, which is helpful for the time being as regards keeping the various consumer sectors supplied. The substantial stepping-up of imports as a result of the depletion of stocks during the harsh winter 1955-56, and of the understandable alarm over Suez, coincided with what turned out to be a very mild winter.

Stocks have been built up again, and the result has been a sense of relief in the coal market which it would be unwise to allow to get the better of us.

Industrial activity is as vigorous as ever, demand by the iron and steel industry continues at a record level. These are healthy elements which should serve as an inducement not to let up on production in the smallest degree, in order that we may face the autumn without serious anxiety as to supplies either to industry or to the households.

We put forward these points, through your Assembly, for the consideration of those concerned, as reasons for pursuing a policy of caution which may help to prevent the recurrence of major difficulties at the beginning of next winter.

To go on to the question of iron ore. The work of the Expert Committees and the framing of the General Objectives have shown that it will be necessary to step up long-term, and even medium-term, imports of iron ore into the Community.

It appears to us that European steelmakers would find it to their advantage to associate themselves with the work of opening up deposits in Africa and America, in order not only to provide themselves with a reliable source of future supplies, but also to ensure some stability as regards the flow of supplies, and the shipping needed for it.

The High Authority is following with close attention the tendency on the part of the iron and steel industry to invest both in projects for works along the coast and in suggested European participation on the new deposits overseas. It proposes to devote its most careful and helpful attention to examining what financial assistance it can furnish in this field, in which it is necessary to plan well ahead if Europe is not to find itself at some future date very badly off for reliable and economic supplies of iron ore.

In addition, as you know, the High Authority is continuing to promote technical and economic research, with a view to lessening the great inconvenience caused by the scarcity of coke and the remoteness of the iron-ore supplies.

The main aim is to find out how the specific consumption of metallurgical coke can be reduced, and to

perfect methods of producing steel without using coke at all.

It is a matter of satisfaction to us to know that our work in this connection is receiving strong support from your Investments Committee.

May I mention that it often meets with less approval from the Consultative Committee and the Council of Ministers when it is a matter of obtaining credits for technical research.

We can, at all events, assure you that we quite realize, since a certain amount of unorthodoxy is essential in all research, that some opposition is always liable to be incurred: we feel sure, however, that as time goes on this will simmer down to a more reasonable level.

We, for our part, shall continue to work untiringly to this end, as indeed we have been doing for two years through the policy we have followed in guiding investments, and the action we have taken to encourage the short-term saving of imported scrap.

You will have seen from the General Report the effect which our work has had on investments designed to remedy the disequilibrium between pig-iron and steel.

The problem was stated in the most forthright terms, and the iron and steel industry of the Community responded with vigour and promptitude to our appeals and expectations: investments in blast-furnaces, coke-ovens and sintering-plants are going ahead satisfactorily, and, as you know, most of the loans granted by the High Authority during the past year went on the development of this side of the industry.

We have duly done our best to discourage investments which would have increased the tightness in the scrap market. We also endeavoured to do so by reforming the scrap compensation scheme, after negotiations lasting more than a year in which the unanimous agreement of the Council of Ministers, as required by Article 53, was ultimately obtained at the end of January 1957 to a new arrangement which we felt would not prejudice the necessary expansion of production, while it would offer a real incentive to save and would penalize consumers who deserved to be penalized. As you will be aware, about a dozen appeals against this decision have been lodged with the Court of Justice of the Community.

During the same period, the indispensable flow of scrap imports from the United States was seriously threatened by a temporary embargo on export licenses for scrap leaving American ports.

The original complete suspension was soon reduced to an embargo on heavy scrap only; subsequently, licenses began to be issued once more even for this category, which would appear to be the only one likely to be in short supply during the coming months.

In order to work out consumers' real requirements, to make them clear to the representatives of the American Government, and to prepare the negotiations which the High Authority will need to carry on in Washington in order to arrive at an agreed import programme acceptable to both sides, the High Authority suggested that representatives of the State Department and Department of Commerce should visit Luxembourg, which they did on April 16 and 17 of this year. They had the opportunity to discuss matters with consumers and dealers, to gauge the importance of the problem for the European iron and steel industry, to establish the difficulties involved, and also to appraise what the Community has done over the past two years to dispose of these or to scale them down.

Our discussions with financial circles in the United States since last July have, as you know, resulted in the floating of the first public loan by a European Community on the New York market.

It was limited to \$ 35m., at 5½ %, and was subscribed with exceptional rapidity. This enabled the High Authority to grant credits forthwith to thirteen enterprises at 5⅞ %.

It selected from the many applications received the projects which it considered to deserve priority in

accordance with the General Objectives, and which would yield quick results as regards stepping up the production of coal and, more particularly, coke, the production of pig-iron, and the beneficiation and roasting of iron ore. All these investments will help, directly or indirectly, to bring down the consumption of scrap. One credit of one million dollars is to be used to finance the building of houses for steelworkers.

I had occasion to describe this important milestone in the High Authority's financial policy to a meeting of your Investments, Administration and Social Affairs Committees in Luxembourg on the very day the loan was issued and subscribed in New York.

That meeting was held in accordance with the agreement at your last Session that there should be an exchange of views between the appropriate Committees of the Common Assembly and the High Authority before the High Authority fixed the rate of the levy chargeable as from July 1 of this year under Article 49 of the Treaty.

This discussion was of the greatest value to the High Authority.

Like the Assembly, the High Authority is firmly convinced that it should on no account cut down the means of action open to it, and considers the economic incidence of the levy to be a very small one, at the rate to which it was reduced two years ago.

It fully realizes that its guarantee fund and its various reserve funds must be kept sufficiently supplied for its activities to be independent of any passing deterioration in market conditions.

It is, however, also certain that the credit of the Community would gain nothing by the accumulation of moneys with no sign that they were to be expended in the foreseeable future.

It is aware that its guarantee fund of \$ 100 m. would enable it to borrow further very large sums in the future.

The supplementary report on finance which you have been sent shows the amounts set aside for various provisions, including those for technical research and for readaptation.

It also shows that if the rate had not been altered, the High Authority's action in revising the average figures on which the levy is based, as it is required to do by the Treaty, would have increased the yield of the levy. Even if the enterprises concerned had not applied to have the question reconsidered, therefore, I may say without mincing matters that the High Authority would have done so of its own accord, and would have come to the conclusion that in any event the rate needed to be adjusted.

In fixing the rate for 1957-58 at 0.35 %, the High Authority feels it may claim to have made due allowance for all aspects of a rather difficult decision, for which it is itself answerable, but which it is glad that it took only after thorough discussion with the Committees of your Assembly. It is grateful to the Committees for agreeing to this consultative procedure.

Mr. President, gentlemen, it is time for me to conclude my remarks. I am neither able nor concerned to review all the activities of the High Authority. Transport problems, the external relations of the Community — all matters of immediate interest — will certainly be described and debated in Committee and in the Assembly. Some of the points which will be made may be of special value at a time when Europe is embarking on a further lap on its way to becoming one, or rather to becoming Europe.

The months ahead will, we all know, be of crucial importance for the success or failure of that process.

The making of Europe is going ahead, on the basis of the partial integration achieved in the institutions of the Coal and Steel Community, towards further pooling, broader and farther-reaching and more political in its implications.

If the Plan Schuman in 1951 was the germ, and the Coal and Steel Community in 1954 was left as a marker, the Community is today in 1957 serving as a testing and take-off ground.

We have only to scan the Rome Treaties to see this for ourselves, and to see too, the extent of the differences — no doubt for political reasons unavoidable — between those Treaties and our own. Our Treaty laid down rules: they lay down procedure. They rely on individuals and institutions, which is taken for granted by some, after our own experience, but is causing concern to others.

For ourselves, as the executive of a Community of basic industries, we are happy to know that, in face of the swift industrialization of the Eastern world, we shall be able to continue our work of ensuring the social and economic soundness of our two all-important industries, in co-operation with the new executives, both in the energy sector and in a General Common Market.

For Europe to defend itself in truth, and not merely by force of arms, for it to be a magnet to the underdeveloped countries of the world, renewing its links with Asia, which this year became the Community's biggest customer for iron and steel exports, and reinforcing the links it must always maintain with Africa — for all these things the basic industries of coal and steel are the primary foundation.

I repeat that the soundness of those industries and the raising of the standard of living of the workers in them, both in our six countries and in the third countries, are the true substructure of the European fabric.

We may read in Montesquieu, «If I knew something which was of service to me and injurious to my family, I should put it from my mind. If I knew something of service to my family and not to my country, I should seek to forget it. If I knew something of service to my country and injurious to Europe, or of service to Europe and injurious to human kind, I should look upon it as a crime.»

Such were the lofty words of the French eighteenth century, with its philosophy of one world.

Since Montesquieu's day we have had world organizations. We have them still. And all that we, as Europeans, can say of them is that they have not achieved what we would wish of them.

And for that reason, since they have failed us, we have to devote our care to regional systems.

We hope with all our hearts for the establishment of a second Commonwealth of Nations, founded on the Common Market and working side by side with the first.

We do not seek to disassemble the difficulties, still less the pauses and the inevitable and sometimes disappointing delays, involved by the venture now to be undertaken to complement and extend the one which we ourselves began.

But we may say from our own experience that although these difficulties must not be minimized, nor must they be magnified.

And we may repeat once again from our own experience that where there is the political will, it is possible to search out and gradually shape the technical way.

The task is thus straightforward and obvious enough. Things do not happen that way so very often. It is for us to make the most of it.

And for you most of all, Mr. President and gentlemen, you who are to be the members of the European Assembly, the bond between the countries, the bond between the European executives.

You are about to shoulder a historic responsibility.

That is an imposing word, but its meaning is very simple. You have gone through the events of your time,

you have lived to remember them, and there are things that you do not wish to see again.

And that, my colleagues and myself are convinced, will serve you, at the level of vantage which you are to occupy, as furnishing the impetus you will need for the work our men and women in Europe require you to perform, in order that they may themselves work out and build up their own salvation and their own future.