

Speech by Jean Monnet at the first meeting of the Consultative Committee (26 January 1953)

Caption: Speech by Jean Monnet, President of the High Authority from 1952 to 1955, delivered at the first meeting of the ECSC Consultative Committee, held on 26 January 1953 in the Hôtel de Ville, Luxembourg. In the weeks preceding the establishment of the common market in coal and steel, Jean Monnet asks, on behalf of the High Authority, for the opinion of the Consultative Committee regarding the new price systems to be introduced in the Community. The High Authority would then take decisions with a view to abolishing discrimination and protection arrangements in the six founding countries, which constitute a barrier to the movement of products.

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http://www.cvce.eu/obj/speech_by_jean_monnet_at_the_first_meeting_of_the_consultative_committee_26_january_1953-en-31aec7b2-fb28-4fa8-8875-53e4e2792d9e.html

Publication date: 23/10/2012

Speech by Mr Jean Monnet, President of the High Authority, at the first meeting of the Consultative Committee

26 January 1953
Hôtel de Ville, Luxembourg

Mr President, Gentlemen,

My colleagues and I are indeed delighted to see the Consultative Committee commence its work under such auspicious circumstances.

We have been obliged to convene the Consultative Committee without giving you as much time as we would have liked, but as the Common Market for coal, iron ore and scrap is about to be established as from 10 February next, we have to adopt the measures needed to change from the present situation of separate national markets.

We have - and wish - to consult you on some of these measures. Where the High Authority needs your opinions within a limited time, the Treaty stipulates that you must be allowed at least ten days. We were unable to convene a meeting earlier because, as you know, the delay in the submission of certain national proposals meant that we were not informed until 15 January of the final constitution of your Committee as appointed by the Special Council of Ministers.

I would like to say how important we consider your Committee to be and to talk about the relationships we would like to establish with you.

The Consultative Committee, like the High Authority to which it is attached, is a supranational body. Like the members of the High Authority, you are appointed by the governments as a whole. National views differ, which is quite normal; but the only justification for our authority is that we can and must never adopt a national point of view. Our actions must be based entirely on Community interests.

Comprising producers, workers and consumers, the function of the Consultative Committee is not to talk to the High Authority about matters of national interest or concern, but to speak for producers, workers and consumers throughout the Community.

This is the novel feature of your Committee. You are not bound by any mandates or instructions from the organisations which nominated you. You are the independent spokesmen of around one thousand Community producers, 1 750 000 Community workers and a considerable number of Community consumers. It is through you that the High Authority will be informed of the reactions of the Managing Director in his office, the miner in his pit, the steelworker in his steelworks and the broad ranks of consumers.

We shall be pleased if the Consultative Committee can express a common point of view. It provides the High Authority with the skills and experience, both specific and wide-ranging, of men who every day are confronted with the realities of life. However, the High Authority will not measure the value of your opinions by the number of votes, where a majority might sometimes express a temporary joining of interests, but by the weight of the reasons, concerns and experience brought into the debate by the different groups or individuals which make up your Committee; for although your concerns may be common to all, every man's experience is his own.

You will certainly have been struck by the fact that, unlike for the Assembly, the Council of Ministers and the High Authority itself, the Treaty does not mention a voting system for the Consultative Committee. This does not of course mean that you will not vote - it means that it is by the knowledge and ideas that you will contribute to the debate rather than by your votes that you will help the High Authority to take all its major decisions in the interest of the Community.

In this way, gentlemen, the overall functioning of our institutions is clear: the High Authority prepares its decisions with the help of its various departments and committees of experts and after consulting governments, producers, workers, consumers and dealers and their associations; in accordance with the Treaty it obtains the opinions of its Consultative Committee and consults the Council of Ministers; thus informed, it makes its decisions and assumes responsibility before both the Court of Justice, which can revoke its decisions for legal reasons, and the Common Assembly, which may, by passing a motion of censure, make the members of the High Authority resign as a body.

May I add that the High Authority will endeavour to facilitate your work by placing at your disposal, if you agree, whatever material resources (secretariat, translation services, etc.) you may need. This of course whilst strictly respecting the independence which will make your opinions so valuable.

At the moment it is natural that we should be concentrating our attention on the decisions needed to establish the Common Market. You will appreciate then that with such a full agenda we cannot yet deal with certain problems which we recognise as both important and ongoing and which dominate the future of our Community: the investment programme, higher standards of living of workers, safety at work and security of employment.

To explain the points on which your Committee must be consulted, I would first of all like to summarise the work which the High Authority has undertaken since starting its activities.

In accordance with the provisions for the application of the Treaty, the High Authority has contacted producers, workers, consumers and dealers to obtain a concrete view of the overall situation and special conditions within the Community and to prepare the measures needed to establish a common market.

The task which emerged as the most urgent was to settle the question of fuel distribution, which so far had been the responsibility of international bodies such as the Ruhr Authority, the OEEC and the Economic Commission for Europe. When the High Authority assumed its functions, the Ruhr Authority ceased to deal with the distribution of Ruhr coal. Distribution in the fourth quarter of 1952 had already been very well prepared by the existing organisations, and no special measures were necessary. In the course of consultations with the governments, the High Authority decided to limit application of Article 59 in the first quarter of 1953 to maintaining existing international arrangements. As you know, it took over responsibility for the distribution system, which had been created by the combined efforts of the OEEC committees and the Economic Commission for Europe.

Unter den Untersuchungen und Konsultationen, welche die Hohe Behörde durchgeführt hat, haben diejenigen, die sich auf die Errichtung des gemeinsamen Marktes beziehen, einen ganz besonders bedeutenden Platz eingenommen.

As you know, the common market cannot become operational until the High Authority has announced the introduction of the compensation system for coal for Belgium and Italy. Last week a working part set up for this purpose agreed on the methods to be used to define the key elements needed for the system, i.e. merchant tonne, cost price and income. We have thus created the essential conditions which will allow us to announce the introduction of the system in due time.

The High Authority also convened a meeting of national customs and financial authorities to ensure that the measures to be introduced in respect of border crossings and currency exchange will eliminate obstacles to the free movement of goods in the common market. The meeting agreed on the wording of instructions which will be adopted in the same terms by all six governments.

In accordance with the Treaty, committees were set up to amend transport tariffs. Their first achievement was to draft recommendations to the governments for the elimination of the most blatant tariff discriminations before the establishment of the common market.

Finally, we have studied the problem of comparability of price scales and depreciation, as well as the

elimination of distortions resulting from legislation and regulations. Much remains to be done in these areas, and this will be undertaken in collaboration with the various parties concerned.

Up to now our attention has been focused on analysing price systems. By convening committees of experts the High Authority has first of all obtained a detailed view of price systems, subsidies, financial aid and other measures connected with prices in the Member States.

We have found a situation characterized by separate national markets, protected against each other and often subdivided into sectors with different systems. We have had to undertake difficult analysis work, product by product and country by country, to untangle this almost impenetrable labyrinth of individual and contradictory measures instituted or encouraged by governments. Allow me to give you a few examples.

Let us take coal, where price systems vary from one country to another, often to the point of contradiction.

- In the Federal Republic of Germany, there are special prices for certain consumer categories (households, high-sea fishing, sea transport, non-federal railways), not to mention different quotation methods; the same differential price system exists for lignite.
- In France, a subsidy is available to reduce the price of imported coal for the steel industry and to aid certain patent fuel producers; there are also levies on soiree types of imported coal, and inter-coalfield compensation still exists.
- The system in the Netherlands is based on a delivered price which includes aid to certain mines, harmonisation of transport costs and imported coal compensation.
- In Belgium, as in all other countries, prices are fixed by the government, and those for some types of imported coal are subject to a surcharge to put them on a par with Belgian prices.

I do not wish to go into detail about current price systems in the two countries which are mainly importers, Italy and Luxembourg.

The scrap situation is no less complicated. Each of the six countries has a different system, varying from total liberalisation to government price fixing with a strict distribution system. In some countries sellers must deal with a single buyer, in others there is still free competition. In some countries government intervention has kept prices down, in others they fluctuated freely and then settled at a high level because of the heavy demand. At the beginning of December prices varied between \$22.50 and \$58.

Finally, some Community countries operate a two-tier price system for coal, iron ore and steel.

Whatever the justification offered for such discrimination or protection arrangements by those who have decided to adopt or continue them, an overall examination shows that all countries are really losers. One country increases the price of its ore, another that of its coal and a third the price for scrap, and the net result is less and more expensive production, which then makes it all the harder to improve living standards and boost exports.

Afin de pouvoir porter un jugement clair sur les mesures à prendre et sur les questions pour lesquelles nous vous demandons votre avis, la Haute Autorité a poursuivi ses consultations avec les représentants des Gouvernements et des entreprises. Au cours de ces conversations, elle a discuté en détail les modifications à apporter aux systèmes et pratiques de prix en vigueur dans les divers pays, de façon à les mettre en harmonie avec les dispositions du Traité.

Of course we cannot introduce these changes from one day to the next. The Common Market cannot be established in the same way as a new road or bridge is opened, though there are certainly a number of major obstacles which will have to be removed immediately. When the Common Market is established there will be no more customs duties, import or export limits or two-tier prices. But it does not mean the sudden

unification of previously isolated and opposing production systems; it is an ongoing process, a series of gradual adjustments - a vast operation which must nevertheless be carried through as quickly as possible.

On behalf of the High Authority, I have sent a letter to your President asking the Consultative Committee's opinion on a number of important points connected with the establishing of the Common Market.

I would just like to mention these briefly.

As far as coal is concerned, we are inheriting a situation in which prices are fixed in all Community countries. If prices were suddenly derestricted the trend would of course be towards sharp increases, particularly for the qualities most in demand. This concern has been expressed by experts from various countries we have consulted. In our opinion such action would be contrary to the aims of the Treaty set out in Article 3(c). But before making a decision we would like your opinion, and this is why we are consulting you today about the advisability of fixing maximum prices within the Community. That is our first question.

If we decide to fix maximum prices we think that they should be as close as possible to current price levels, though the first of the adjustments linked to the establishing of the Common Market should be made at the same time. We would also like your opinion on this second point.

We must also consult you on certain aspects relating to what discriminations should be eliminated and what quotation methods should be used for products entering the Common Market.

Finally, Article 60 (2) (a) stipulates that price lists and conditions of sale applied by undertakings must be made public when the Common Market is established. We would like your opinion on how this should be done.

As regards ore, we feel that, because of the need to eliminate two-tier pricing when the Common Market becomes operational, we must fix maximum prices. Here too we would like your opinion.

Establishing a Common Market for scrap poses a number of difficult problems. Not long ago there were very considerable price differences between the Community Member States, and although these have diminished very quickly there are still major differences between the various supply sources, and imported scrap is much more expensive than Community scrap. This situation calls for a study of what precautions are needed and what financial mechanisms may have to be introduced to prevent a Community-wide rise in the price of scrap to the level of the most expensive supplies. Your opinion is requested on the overall supply and price situation.

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Such, gentlemen, are the problems facing the High Authority on the eve of the Common Market and on which we would like your opinions as soon as possible, in any event within ten days, i.e. by 5 February.

The High Authority is going to have to take decisions for which it must bear full responsibility. It is aware how much responsibility it is assuming before the Community, but your opinions will help it to take its decisions with all the more confidence.

We are at the beginning of a very long programme of action which we shall have to pursue together. Only if this action leads to improved production, guarantees all consumers free access to all supply sources at reduced prices and without discrimination, and leads to an improvement in living and working conditions, only then can we claim to have succeeded.