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Co-ordination of European Communications and Establishment of a European Transport Authority

Report¹

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Draft Recommendation

"The Assembly recommends the Committee of Ministers to convene forthwith, within the ambit of the Council of Europe, a Conference which would be instructed to prepare, on the basis of the Draft Convention attached hereto, a Draft Treaty instituting a European Transport Authority.

PREAMBLE

"The High Contracting Parties,

"Convinced that transport represents one of the essential means of achieving the progressive unification of the European economy as a whole and of ensuring the proper economic, social, political and cultural development of Europe;

"Believing that the degree of unification achieved in the field of European transport may be considered as a reliable indication of the progress made in implementing the declared object of the Council of Europe, namely that of serving the interests of the countries of Europe by promoting closer unity among them ;

"Recognising that the present situation in European transport prevents the full utilisation and application of up-to-date technical knowledge, and the introduction of rational organisation, of methods of efficient operation, and of the measures necessary for achieving a free flow of traffic and free intercourse between the citizens of the nations which constitute the European community;

"Realising that a general improvement of the transport system of Europe would assist in raising the standard of living of the workers engaged in the transport industry, and that a greater degree of co-ordination would lead to an increase in their professional skill, at both the executive and operative levels, in addition to making a contribution to the solution of the problem of full employment in Europe ;

"Considering that too great a respect for the limits of a transport system planned to satisfy purely national needs may render impossible certain essential developments in Europe and that modifications should be accepted in order to meet the demands of an expanding economy which have made themselves felt throughout the present century;

have, in consequence, decided to establish a European Transport Authority.

1. This Convention establishes for a period, of 25 years, a European Transport Authority whose responsibility it will be to foster the efficient, economic and appropriate use of existing transport facilities and to assist in the rational development of the European transport system.

SCOPE

2. The Authority, within the limits of the powers conferred upon it by the II. C. P. shall be vested with functions relating to all forms of transport whether by road, rail, waterways, coastal shipping (but excluding oceangoing shipping), as well as to intra-European air transport and harbour installations.

3. In this field, and in accordance with the rules to be drawn up by the Authority, the latter shall be empowered to take decisions with regard to questions of transport affecting two or more Member Countries, and to make recommendations in respect of problems of a national character related to such questions.

4. Within the respective limits of their sovereignty the High Contracting Parties will assure the implementation of the decisions taken by the Authority, in accordance with the conditions laid down by the latter in virtue of the powers conferred on it by this Convention;

TASKS

5. The tasks of the Authority shall be :

- a. to ensure the effective utilisation of existing transport facilities, taking into account the general needs of Europe;
- b. to foster such capital investment in transport as is necessary to meet the needs of the European Community;
- c. to avoid all uneconomic competition, either between the various means of transport or the same means of transport using different routes;

- d. to prevent all over-investment in transport.

POWERS AND FUNCTIONS

6. The Authority shall carry out studies of existing transport systems and of technical and economic conditions affecting traffic of an international character, with a view to the preparation of a plan for an improved system of European transport towards which the Authority will work and on the basis of which the Member Countries will be encouraged to develop their national transport systems.

7. The H. C. P. bind themselves to supply the Authority with all information referring to existing methods of transport, their operation, any plans for their modification, as well as plans for establishing new systems of transport.

8. In particular, the Authority acting in the name of the H. C. P. shall make contact with the various international transport Organisations dealing with the above mentioned transport systems, to ensure that the work is divided rationally between them and to suggest any amendments considered advisable to existing conventions on transport. To this end the Authority shall harmonise from the European point of view the opinions of the Representatives of each H. C. P. within the Organisations referred to above.

9. In the name of the H. C. P. the Authority shall establish relations with all international bodies either directly or indirectly concerned with transport.

10. The Authority shall arrange mutual consultations; it shall, where necessary, arrange arbitration between Governments, national administrations and public and private companies; it shall foster the adoption of partial agreements between two or more Members.

11. To ensure the most economical co-ordination of international traffic and to foster its technical development, the Authority, with the help of the competent international bodies, shall be empowered to deal with problems relating :

t o the technical operation of international passenger, goods and mail transport;

t o international transport between Member States as far as common stations and harbours are concerned, as well as lines which are jointly exploited;

to loans, exchanges and pools of transport equipment.

12. The Authority shall aim at achieving the gradual standardisation of the various forms of transport equipment and of static installations.

13. It shall decide on the equipment to be used on the main international lines of Member States in consonance with international conventions and regulations.

14. The Authority shall have, with regard to railway equipment, the right to determine the general characteristics governing equipment to be constructed in the future and to oppose the use, on any of the railway networks of the H. C. P., of equipment that does not come up to the standards so determined.

15. The Authority shall study matters relating to the rates applicable to traffic of an international character and make recommendations to the Member Countries and to the transport organisations concerned.

16. To ensure the necessary co-ordination of capital investment in the field of transport, Member States shall, every year, inform the Authority of their proposed intentions with regard to such investment. The Authority shall be informed of investment schemes concerning international traffic, which may only be carried out with the approval of the Authority. In addition, the latter may make know their observations on other elements of the national programmes which have a bearing on the above-mentioned matters.

17. The Authority may be empowered to participate in the financing of schemes of European transport development ; for this purpose it shall be vested with the power to raise money by borrowing, and by the issue of stock, subject to the safeguards to be worked out by the Authority and agreed with the Member Countries.

18. The Authority shall have the capacity to perform any legal act appropriate to its object and purposes, including the power to acquire, hold and convey property and to enter into contracts and undertake obligations.

19. The administrative expenses of the Authority shall be raised in such a manner, or be allocated between the Member Countries in such proportion, as these Countries may agree having regard to the volume of their internal traffic.

20. The Authority shall, in accordance with rules which it shall establish, have power to take appropriate action in respect of infringements of this Convention.

WITHDRAWAL

21. Any Member State wishing to withdraw from this Convention shall inform the Secretariat General of the Council of Europe within the first six months of the twentieth year.

STRUCTURE

22. The Transport Authority shall consist of ;
an Executive Committee,
an Assembly of Representatives,
a Ministerial Council,
a Court of Justice.

THE EXECUTIVE COMMITTEE

23. The Executive Committee shall be composed of six to nine members—according to the number of countries taking part—chosen by reason of their special qualifications. They shall be chosen by the Assembly of Representatives from a list drawn up by the Ministerial Council. The Executive Committee shall be assisted in its duties by four specialised departments— rail, road, air and ports and waterways.

24. Decisions of the Executive Committee shall be taken by a simple majority vote, except when otherwise decided. Decisions relating to freight charges and to investments shall be taken by a two-thirds majority vote. The Executive Committee shall immediately notify the Ministerial Council of decisions arrived at.

THE ASSEMBLY OF REPRESENTATIVES

25. The Assembly of Representatives shall consist of members of Parliaments chosen from the Representatives of the H. C. P. to the Consultative Assembly of the Council of Europe.

26. The Assembly shall, in May of each year, hold a session of not longer than one month's duration. Extraordinary sessions, however, may be called at the request of the Executive Committee or of the Ministerial Council.

27. The Executive Committee is responsible to the Assembly. If a vote of censure is passed by a two-thirds majority of votes cast, the Executive Committee as a whole shall resign.

THE MINISTERIAL COUNCIL

28. The Ministerial Council shall consist of the Foreign Ministers or Ministers of Transport in Member Countries. Decisions shall be taken by majority vote, except when otherwise decided.

29. The Ministerial Council alone shall have the right to decide on an increase in the contributions payable by each country to the equalisation funds and the loan funds.

30. At the request of a Member Government, the Ministerial Council may, by a two-thirds majority vote, decide to postpone for the time being the implementation of any decision taken by the Executive Committee. Should the Executive Committee maintain the said decision after a second deliberation on the matter, the period of postponement voted comes automatically to an end.

THE COURT OF JUSTICE

31. The Court of Justice shall be competent to judge all complaints lodged against the Executive Committee for violation of the Treaty setting up the Transport Authority.

32. Decrees of the Court shall be immediately operative in the territory of Member States.

33. The Court of Justice in question shall be the Court set up by the Convention on Human Rights, concluded under the auspices of the Council of Europe.

LIAISON WITH THE COUNCIL OF EUROPE

34. The Secretariat of the High Authority shall, for administrative purposes, be incorporated in the Secretariat General of the Council of Europe.

35. The Executive Committee shall send an annual report to the Consultative Assembly of the Council of Europe and to the Committee of Ministers of the Council of Europe.

Appendix 1 APPENDIX I

Memorandum on the International Organisations dealing with the co-ordination of European Inland Transport prepared by the Secretariat-General for the use of the members of the Special Committee on Transport, and submitted for the information of the Representatives to the Consultative Assembly²

Introduction

In order to ensure the satisfactory operation of international transport it has for some time been necessary to conclude international agreements and to set up numerous Organisations responsible for applying them. These Organisations includes those which deal with a single form of transport, for instance by road or rail, and those which deal with transport problems as a whole.

In the first category mention should be made of the Organisations created more than a century ago in connection with river navigation and railways and, more recently, with regard to road and air transport.

International Organisations for River Navigation

Since navigation on the Danube is outside the scope of this paper the principal organisation to consider here is the "Central Commission for Rhine Navigation".

The Commission may, moreover, be considered to be the forerunner of international transport Organisations since, in its present form, it dates back to the Convention of Mannheim of 1868, which itself merely revised the Convention of Mainz of 1831; the Treaty of Versailles made few modifications to this system, which was re-established as soon as possible after the last war.

Freedom of navigation and equality of treatment are the basic principles governing the navigation of the Rhine. The principle of freedom of navigation is interpreted very widely and covers :

- a. freedom of circulation for vessels and goods,
- b. freedom of transit;
- c. freedom to sail vessels;
- d. freedom to exercise professions (e.g. river pilots) and freedom for the development of trade.

The navigation duty laid down originally was subsequently suppressed. The riparian States are under an obligation not to hinder navigation in any way, either by administrative or customs regulations or by barrages, and they must, moreover, ensure the upkeep of the channel. There is a common code of police regulations, there are specially organised courts and an administrative body, the Central Commission. Since the Treaty of Versailles the Central Commission has been located at Strasbourg; it consists of a total of 19 members representing the Netherlands, Switzerland, Germany, France (which, moreover, appoints the Chairman of the Commission), Great Britain, Belgium and the United States. The decisions are adopted by a majority vote, but no State is bound to carry out those to which it did not give its consent. It is obvious, therefore, that the Commission is essentially an organ of co-ordination at Government level, and that the powers of execution remain entirely in the hands of its Members. It should, however, be noted that the Committee plays a fairly important legal role, since it is a court to which appeals can be made against the decisions of the special courts created for Rhine navigation, if the parties so desire. It should also be pointed out that the Rhine boatmen have the right to bring complaints directly before the Commission— a matter which is rare in international law.

Re-created immediately after the war, the Commission had a hard task in re-establishing the freedoms which had previously existed in the chaotic conditions of the immediate postwar period. Though the channel was cleared in 1945, the special position of Germany and the presence of the Occupation authorities raised new administrative problems.

2. This procedure was approved by M. BONNEFOUS, Chairman of the Special Committee, but the Memorandum does not in any way involve the responsibility of the Special Committee.

To sum up, the Central Commission for Rhine Navigation is one of the sundry intergovernmental organisations. Its traditions, and above all the real community of interests which bind its Members, explain the remarkable results which it has obtained in the course of its long history. Until recently the Commission hardly touched economic problems, and owing to the limitations of its Statute the Commission is unable alone to tackle the key problem of the Rhine Valley, which is that of the co-ordination of rail and river traffic.

International Railway Organisations

International transport by rail raised administrative and technical problems which for a long time were solved by means of agreements between railway administrations. As rail services developed, such local agreements were no longer adequate, and truly international specialised agencies had to be set up in order to work out and enforce rules governing international transport by rail.

Intergovernmental Organisations.

1. Two intergovernmental Conventions regulate the conditions of transport by rail : One is the "International Convention for the transport of goods by rail" (C. I. M.). The other is the "International Convention for the transport of passengers and luggage by rail" (C. I. V.) The same States are parties to both conventions and constitute what is generally known as the Union of Berne. All countries of Europe excepting Albania, Iceland, Ireland, the United Kingdom and the U.S.S.R. are members of the Union. For the administration of these two conventions a Central Office of International Transport by Rail was set up; its seat is at Berne. It acts as liaison between the different railway systems and constitutes a body for arbitration between them; it also examines requests for amendment of the two Conventions and organises preparatory discussions.

2. International Conference for promoting technical uniformity on Railways. The task of this body, set up in 1882, is to study the regulations to which railway lines and rolling-stock should conform for international transport. The Swiss Federal Council undertook to ensure administration of the decisions of the Conference.

Mixed Organisations.

The International Railway Congress Association is the principal of these. Founded in 1885, on the proposal of the Belgian Government, it is composed of railway administrations, Governments and international Organisation, whose delegates all take part in the Congress with the same rights. The aim of the Association is "to advance the progress of railways by holding periodic congresses and by publications". Its activity is of a primarily scientific character.

Non- governmental Organisations.

1. International Union of Railways (U. C. I.). This Union was founded in 1922 on the initiative of the International Economic Conference of Genoa. It is an association between most of the European railway system, as well as between certain Asiatic and African systems. Its seat is in Paris. The aim of the Union is to "unify and improve conditions relating to construction and operation of railways engaged in international traffic." Its range therefore covers all railway activities. Before the decisions of the General Assembly (or the governing body appointed by it) can be binding, they must be preceded by an enquiry addressed to all the administrations concerned and must have obtained at least a 4/5 majority vote. No measures affecting rates or traffic conditions can be made binding on an administration against its wish.

2. International Rail Transport Committee. This Organisation specialises in questions of international transport law. It is responsible for framing supplementary provisions to the Berne Convention.

3. European Passenger Time-Table Conference. As its name indicate, this Conference settles general questions dealing with the service of international passenger trains, fixes international connections by rail and water and attempts to obtain improved customs and passport facilities at frontier stations. It is composed of delegate from the Governments of the States concerned, but only the rail, shipping and airline organisations dealing with international passenger transport services have the right to vote. The task of administrative direction has' from the beginning, been undertaken by the Swiss Federal Railways.

4. International Goods Time-Table Conference. The purpose of the Conference is to organise connections between international goods trains as well as to speed the dispatch of goods wagons, particularly at frontier stations. It has already done good service in drawing up the more important of the main itineraries between

European centres, which permit the rapid circulation of fully laden goods trucks, particularly by reducing delays at frontiers to a minimum. From the beginning (1929) the task of executive direction has been undertaken by the Czechoslovak Railways.

5. International Union of Railway Carriages. The task of this Union is to ensure the application of regulations for the reciprocal use of goods trucks in international traffic; these regulations govern the reciprocal use of goods trucks and loading equipment and settle the conditions of payment.

6. International Carriage and Van Union. This Organisation does the same for passenger coaches as the preceding one does for goods vans. Its work supplements that of the European Time-Table Conference by organising communication by through coach between various important centres which are not otherwise linked by direct trains and by deciding the supplies with which these trains should be furnished. Conferences for passenger Time-Tables and through coaches meet each year at regular dates and in the same places.

7. Until 1945 there was in existence an association for the administration of the railways of Central Europe—the "Verein Mitteleuro-paischer Eisenbahn Verwaltungen", usually referred to as the "Verein"; in many ways its activity duplicated that of the International Union of Railways. It becomes more and more obvious that it is necessary to reorganise or at least to co-ordinate this multitude of international organisations, between which, inevitably, there is a certain amount of overlapping and duplication. The Railway Committee of the International Chamber of Commerce, representing the view of the users, has drawn attention to this problem. In the Inland Transport Committee of the Economic Commission for Europe the British Government has taken the initiative to propose reorganisation of non-governmental international railway organisations. Some of the delegates, for instance the representative of Yugoslavia, were even of the opinion that it was necessary to provide for the unification, not only of non-governmental but also of inter-governmental railway Organisations. This point of view did not, prevail, however, and it was simply decided that the International Railway Union should be called upon to be responsible for all other non-governmental organisations, as indicated in the following table.

INTERNATIONAL RAILWAY CO-ORDINATION TECHNICAL PLAN

International Railway Union (I. R. C.)

Non-Governmental Organisations.

European Time-Table Conference (Swiss Administration)

International Goods Train Time-Table Conference (Czech Administration)

International Union of Railway Carriages (R. I. V.) (Swiss Administration)

International Carriage and Van Union (R. I. C.) (Swiss Administration)

International Railway Transport Committee (C. I. T.) (Swiss Administration)

Affiliated Bodies of the I. R. U.

International Container Bureau

International Labour Organisation and International electricity organisations,

International telephone organisations,

and International tourist organisations.

Main Committees :

1. Passenger traffic,
2. Goods traffic,
3. Finance,
4. Operation,
5. Technical Questions.

Offices :

Research and Experiments (O. R. E.),

Information Centre (C. I. C. E.) (publicity).

International Documents Bureau (B. D. C.) (Paris).

The setting up of a single Organisation, as opposed to a multitude of Organisations, would avoid duplication, would enable closer coordination to be established between the various aspects of international transport by rail and would constitute a single body representing all the interests involved. It should, moreover, be noted that the International Transport Workers' Association has warmly supported the principle of reorganisation.

This is at present being undertaken, but it is made extremely complicated by the variety in the Statutes of the different Organisations. It seems that the reorganisation will be directed much more towards creating a rather loose federation of the different non-governmental organisations³ under the aegis of the International Railway Union than towards the setting up of a single organisation as such. This will certainly avoid the danger of excessive centralisation, but it may mean that the readjustment will be less effective.

International Road Organisation*

It is in the field of road transport that the most recent efforts at organisation have been made.

It was not until 1948 that the International Road Federation was set up. This is a worldwide organisation, divided into two branches, one of which deals with Europe and has its seat in London.

The basic aims of the International Road Federation are as follows :

1. To promote the education of both the public and the Governments concerning the social and economic benefits to be derived from adequate road systems;
2. To encourage and support, the planning and execution by Governments of sound programmes for the improvement and extension of the road systems;
3. To collect, collate and publish all information dealing with such matters;
4. To co-operate with the Permanent International Association of Road Congresses and with other international and local groups having objectives similar to those of this corporation, and to sponsor the formation and affiliation with the corporation of local and regional road federations in all countries.

The International Road Federation brings together the very varied interests of all road users (cyclists, road-haulage companies, producers of automobile parts and tyres, public works contractors responsible for road building etc.).

While not neglecting technical factors, the International Road Federation hopes particularly to bring its efforts to bear on the economic aspects of this problem. It will do this in three ways : by educating the public, by assisting Governments and, in order to give such advice its full weight, by enlisting the support of industry and agriculture. For instance, the International Road Federation played a very important part in the recent signature of three road agreements concluded under the auspices of the Economic Commission for Europe (E. C. E.). The first of these agreements authorised the circulation on certain European routes of vehicles of specific size and weight. The second agreement determined the trunk routes by which vehicles exceeding certain standards could circulate. The third dealt with unification of road signs and regulations for the circulation of road transport. Finally, a joint declaration was made by the Governments on the construction of trunk routes for international traffic in Europe with an appendix indicating an extension of this network (48,000 Km. covering 20 countries) and another giving specifications to which they should conform

The weak point in this organisation is to be found in the fact that some countries do not yet possess a national road organisation with which the International Federation can establish contact.

International Airlines**International Civil Aviation Organisation.**

The International Civil Aviation Organisation was established by means of a Convention signed in Chicago on 7th December, 1944. Its aims are "to develop the principles and techniques of international air navigation and to foster the development of international air transport."

3. Oilier than the Passenger Time-Table Conference, a technical organisation with a well-defined scope.

The governmental nature of this Organisation is particularly marked, since one of the secondary aims of the Organisation is to "ensure that the rights of contracting States are fully respected and that every contracting State has a fair opportunity to operate international airlines."

The Organisation is composed of an Assembly in which each State is entitled to one vote and decisions are taken by a majority. This Assembly elects a Council composed of twenty-one States which is a permanent body responsible to the Assembly. The Council, for, its part nominates an executive body consisting of twelve specially qualified members, who constitute "the Air Navigation Committee."

It should be noted that the Statute expressly provides that the Organisation may "enter into agreements with other international bodies for the maintenance of common services and for common arrangements concerning personnel." It is also explicitly stated under Article 77 that regional bodies may be established : "Nothing in this Convention shall prevent two or more contracting States from constituting joint air transport operating organisations or international operating agencies and from pooling their air services on any routes or in any regions."

The I. C. A. O. has not been successful in establishing a multilateral agreement on international airlines. The international conferences which it has organised have, however, at least been of educational value ; they have served to enlighten Governments on various aspects of the problem of international air co-operation and have to a considerable extent succeeded in standardising the bilateral agreements on which the present Organisation is based.

The International Air Transport Association.

In addition to the I. C. A. O. there is an intergovernmental organisation called the International Air Transport Association, better known as the I. A. T. A., a private institution composed of the world's leading airline companies which has been in existence since April 1945. Any company operating a scheduled air service between two or more countries under the flag of a State eligible for membership of the I. C. A. O. is eligible to join the I. A. T. A. Operators of internal air services may become associate members.

The policy of this Association is determined by an annual general assembly in which each company having the status of active member is entitled to one vote. This Assembly has an executive Committee with four Standing The policy of this Association is determined by an annual general assembly in which each company having the status of active member is entitled to one vote. This Assembly has an executive Committee with four Standing

The traffic Committee and the I. A. T. A. conferences have carried out a considerable task towards the standardisation of tickets, consignment notes, conditions of transport and contracts throughout the world. Needless to say, the I. A. T. A. keeps in very close touch with the I. A. C. O., on whose behalf it acts as a technical organisation, and also with other specialised organisations such as the International Telecommunications Union or the World Meteorological Organisation. In certain fields such as international mails the Governments have even acquired the habit simply of confirming the joint decisions of the Universal Postal Union (U. P. U.) and the I. A. T. A.

Certain restrictions are, however, imposed on its activities. It was in fact with the purpose of preventing violations of the Paris agreements on the part of certain companies that the I. A. T. A. recently set up a controlling body with repressive powers. It is open to doubt, however, whether this body is really effective : any too violent action on its part might easily dislocate the whole Association, and, on the other hand, its success might entail the risk of a private association replacing the public authority in the organisation of international airlines.

The Scandinavian Air Lines System.

In addition to the international organisations already described it may be of interest to give an account of a particularly advanced experiment in regional co-operation.

The Scandinavian air lines system (S. A. S.) is a syndicate composed of the three Swedish, Danish and Norwegian air lines in the proportion of 3/7 for Sweden and 2/7 for the other partners. The S. A. S. is therefore not a company of any particular nationality but a genuine Scandinavian aviation union.

Co-operation between these three air lines began on their transatlantic routes. Earnings and operating costs are divided between the three head companies in proportion to their respective participation in the syndicate; the same applies to capital investment. The three airlines charter their aircraft to the S. A. S. which has its own organisation, with headquarters in Stockholm, and its own air crews.

This co-operation has now extended to their European connections. In this field the three companies work independently; precise agreements have been drawn up to establish their joint representation in foreign countries, a joint repair service for aircraft of similar make and a joint operating system.

The S. A. S. is headed by a Board of Directors consisting of members of the board of directors of the three participating companies. The Chairman is elected annually and his nationality varies from year to year. The Chairman and five other members of the Governing Body together compose an Executive Committee (consisting of two Swedes, two Norwegians and two Danes). Under their authority a Director-General is selected from outside the Board of Directors. Staff must be chosen for their personnel ability and qualifications while maintaining an equitable proportion between the nationals of the three countries.

The Constitution of the S. A. S., signed on 1st August, 1946, has since been slightly modified, and now enables any members of the S. A. S. to withdraw from the syndicate; it also provides for liquidation procedure.

Finally, it has established procedure for arbitration between the members.

The International Aeronautical Telecommunications Company.

This Company, whose headquarters are in Brussels, is composed of various European companies and an American company operating in Europe. It came into being as the result of the pooling by member companies of their telecommunication networks and has succeeded in bringing about remarkable economies and increased efficiency in the communication of messages.

In addition to these Organisations whose activities are confined to particular means of transport, there are others, both public and private, which deal with transport problems as a whole.

Official International Organisations dealing with European Transport as a whole

Inland Transport Committee of the Economic Commission for Europe

This Organisation is composed of all the European Governments including the U. S. S. R. and the Eastern European countries.

An official document of the Economic Commission for Europe describes its functions as follows.—

The Commission has arranged that this Committee, within the limits of the task assigned to it, shall have the following attributions:

1. To draw the attention of the Economic Commission for Europe to any questions connected with inland transport which it may consider likely to have a direct bearing on the general economy of Europe and to suggest to the Economic Commission for Europe such general economic measures as it considers likely to affect the European inland transport situation.
2. To request and collect the views of Organisations in the field of international inland transport in Europe on matters with which they are concerned, and to establish co-operation with such Organisations under conditions to be agreed upon with them.
3. To study the co-ordination of the different forms of international inland transport—and to make recommendations for the promotion of action in this matter where desirable.
4. To make such recommendations, as it considers likely to encourage the removal of discriminatory action and unnecessary restrictions in the field of European transport, including transit. Recommendations should not be made under this provision in respect of the regimes of international inland waterways of Europe.
5. To provide for the exchange of information among Governments, with their consent, on matters within the competence of the Committee; to collect documentation published or put at its disposal by the Governments concerned and, with their consent, to promote the standardisation and extension of statistics and documentation; to undertake the study of problems in the field of European transport and to formulate of these studies as concrete proposals.
6. To advise Governments, at their request, on matters of European transport requiring conciliation and arbitration.-

7. If so requested by the Governments concerned, to advise on :
 - a. the revision of existing conventions in the field of European transport,
 - b. to conclusion of new conventions in that field.
8. To make recommendations on :
 - a. the advisability of and procedure for modifications in the structure of European transport bodies, if so agreed with the E. C. E. and with the Organisations themselves;
 - b. the creation of new European transport bodies.
9. To give the Economic Commission for Europe such advice as it may require in the field of European inland transport and to carry out such tasks as the E. C. E. may assign to it.

Achievements to date.

Among the problems with which the Committee has had to deal since it was established, mention may be made of the following :

In the field of railways, the resumption of the Regulations on the reciprocal use of wagons in international traffic (R. I. V.), matters relating to the exchange of such wagons and to wagon debts to various railway administrations, which arose before such resumption; and, in the field of road transport, short-term operational problems, such as the preparation of agreements to facilitate the free transit of road vehicles and the privileges or facilities to be granted to tourist transport undertakings and to the international transport of goods other than transport in transit; the preparation of draft conventions on road traffic (rules of the road, driving permits, vehicle licences, signs and signals, weights and dimensions of vehicles requirements which they must fulfil, etc.) which served as a basis for the World Convention on Road Traffic signed at Geneva on 19th September, 1949 and for a European agreement signed at Geneva on 16th June, 1949, regulating customs formalities with regard to tourings commercial road vehicles and transport of goods by road; in the field of inland water transport and ports, the census of craft; in fields common to the three means of transport, equipment problems arising out of the need to overcome bottlenecks, movement of goods through the occupied territories (BIDAC) and the resumption of rational routing of traffic.

Questions under examination.

So far as railways are concerned, the difficult problem of the restitution and re-distribution of rolling-stock and also the problems of the identification of such stock and wagon repairs which have engaged the attention of the Committee since its inception will probably be resolved during 1950. The preparation of periodical programmes for the renewal and construction of the permanent way and of motive power and rolling stock, in order to ensure a better distribution of orders for the industries and to reduce unemployment in slack periods, is now under examination. The same applies to the standardisation of rolling stock, and, in particular, problems relating to automatic coupling and a uniform braking system. Some of these problems have been partially solved and valuable practical results have been achieved in past years with the assistance of the railway organisations : wagon parts most susceptible to damage have been made interchangeable and repairs to stock will thus be able to be carried out without delay in all countries; three new standardised types of wagons have been adopted. To bring about a greater degree of standardisation, however, much still remains to be done. Questions concerning the speeding up of trains, the modernisation of longdistance passenger train facilities and the simplification of frontier formalities are under continuous study.

Having been instructed under its terms of reference, if so requested by Governments, to advise on the revision of existing conventions in the field of European transport, the Committee has set up a Working Party to examine, from the economic standpoint, questions which should be raised when the revision of the Berne Conventions (International Convention concerning the Transport of Goods by Rail (CIM) and the International Convention concerning the Transport of Passengers and Baggage by Rail (CIV)) takes place.

Finally, in accordance with Section II, para. 8 of its terms of reference the Committee, through the medium of its Sub-Committee on Rail transport, has looked into the question of the « advisability of... modifications in the structure of European transport bodies », and it is pursuing the study of a rational form of organisation in this field.

So far as road transport is concerned, the Committee, through its Sub-Committee on Road Transport, is considering complementary agreements within the framework of the World Convention on Road Traffic of 19th September, 1949, since a greater degree of unification would appear to be attainable in Europe.

The application of the entirely new system whereby lorries may cross frontiers without inspection of their loads calls for adjustments which customs experts have been requested to undertake.

A plan for an international road system has been drawn up, and the technical features of this system have been determined. The question of financing and implementing it is still being examined.

The establishment of a permanent international regime for commercial road transport is about to be studied. The existing regime is of a temporary character, in that the above-mentioned agreements dating from December 1947 were applied initially for brief periods of six months or one year, which was an impediment to co-ordinated development and to the regular investment of capital in the industry.

No international regulations exist at present in the field of road transport with regard to the transport contract, which was settled, in the case of transport by rail, through the medium of the Berne Convention. On the initiative of the Sub-Committee on Road Transport this question and also the question of the carrier's civil liability and compulsory insurance (on which practical steps have already been taken) are now being studied.

In the common field mention may be made of the problem of safety, which is being studied separately for rail and road transport, the development of tourist traffic, the transport of perishable foodstuffs, the combined transport contract and, lastly, the very important problem of the unification of transport statistics, their co-ordination, development and publication. The first quarterly and annual statistical bulletins have already been issued (Section II, para. 5)

The main problem in this field, however, and one with which the Committee has only begun to deal, is that of co-ordination of international traffic. It entails thorough economic, financial and legal studies (costs, rate structure, needs of users, quality of service, conditions of employment, etc.)

It is with this in mind that work has been undertaken with a view to the establishment of a uniform system of accountancy for the various railway administrations, a unification which would facilitate arriving at costs, their comparison and thus the determination of the most suitable routes and means of transport.

The special case of competition between rail and inland water transport is also on the agenda (traffic from the Ruhr to North Sea ports and vice versa).

Future Activities.

The Committee's actual terms of reference and the foregoing outline of the tasks which it has performed and of those which are not yet completed show quite clearly that the work in question goes on from year to year and, save in the few cases specified, that it is not of a transitory character. The Committee « shall provide a forum for the discussion among Governments of subjects of a common interest. » Owing to the predominantly international character of transport, problems of a common interest will constantly arise in this field, although it is impossible to foresee exactly all those which will arise after 1950, apart from the questions already under study.

In the field of railways, however, the choice of the most appropriate medium of propulsion and, in particular, the question of electrification springs to mind. It would appear advisable to consider the question of co-ordinating and, if possible, standardising the various systems now used by the different railway administrations.

When the re-organisation of the non-governmental bodies has been achieved, contact should be maintained between the Inland Transport Committee and the new body. The problem of the governmental organisations has been deferred by the Committee and will have to be studied.

In the field of road transport, the question of organisations will have to be considered as it is being done in the matter of railway bodies. The transport of dangerous goods by road will have to be regulated internationally as in the case of other means of transport.

Certain problems, in particular that of the transport contract and those relating to other questions of private law, will arise in connection with waterways.

But the keystone of the Committee's work would appear to be its instructions « to stimulate international co-operation in the field of inland transport in Europe " and " to promote agreement between Governments on long-term inland transport policy in Europe. "

The working out of a general long-term transport policy, which will have to be constantly adjusted to suit changes in the economic situation and technical progress, is undoubtedly the most important task confronting the Inland Transport Committee. Only the need for settling urgent problems has prevented the Committee from tackling this problem before this year. There is no doubt that it must engage the Committee's attention in coming years, since the definition of a general transport policy will entail lengthy and difficult preliminary studies. Furthermore, that policy is bound to have a bearing on programmes for the utilisation and improvement of European communications and also on the co-ordination of the investment programmes which will be required for the latter purpose. Hence the definition of that policy must to some extent be regarded as the core of all the Committee's activities.

The Committee is not, however, a centre in which the Governments pool their resources and jointly seek the best means of utilising them; it is simply a meeting-ground for the qualified representatives of the Governments of both Eastern and Western Europe.

Inland Transport Committee of the International Labour Organisation

Among the " international industrial committees " which the International Labour Organisation has set up for the main industries since 1945, there is one dealing with inland transport. These industrial committees are intended mainly to be instruments for collaboration between workers' and employers' representatives and to be places of meeting where they can exchange views on the special problems of their industry.

The Inland Transport Committee of the I. L. O. devoted its first session to economic problems of transport reconstruction in Europe. Since then, it has adopted a certain number of resolutions on various points, such as : facilities for placing workers seeking employment in transport; apprenticeship and vocational training schemes; decasualisation of dock labour; social insurance for Rhine navigation workers ; hours of work and rest in road transport; conditions for the employment of juveniles in inland navigation; automatic coupling of railway vehicles and new methods for the selection of personnel, etc.

This organisation therefore lends itself to the discussion and exploration of social problems in the transport industries.

Inland Transport Committee of the O. E. E. C.

From its inception in 1948, the Inland Transport Committee of the O. E. E. C. has investigated what would be the best method of using American Aid funds for the reconstruction of transport in the participating countries. For this purpose it has tried, in an endeavour to reduce to a minimum imports of transport material payable in dollars, to meet all the needs not only of railway systems but also of the users of motor vehicles from resources provided by European industry.

It has also tried to find the most advantageous form of energy for the railways; for this purpose it has carried out a detailed study of the various systems of electrification and has watched with great interest the experiments being carried out at present in France and Germany to use mono-phasic alternating current with an industrial frequency of fifty periods—which is very economical.

The Inland Transport Committee sent a group of rail experts to the United States to study the new technical methods used for developing American railways, particularly for the transport of perishable foodstuffs in refrigerated wagons.

Finally, the recent conclusion of the European Payments Union enables railway companies to carry out as they did in pre-war days the multilateral settlement of their respective accounts through the " Bureau de Compensation " in Brussels.

Private International Organisations dealing with European Transport as a whole

Among these, mention should be made of two especially representative organisations, one representing the employers' point of view and the other the point of view of the worker.

International Chamber of Commerce

While most of the international transport bodies represent either a national point of view—as do all inter-governmental organisations—or a technical point of view, the International Chamber of Commerce claims to represent the points of view of both users and transporters. It has also created a transport and communications group with the following organisation.—

Under the aegis of a general transport committee, six specialised committees are grouped (air, sea, road, rail, telecommunications and posts), as well as three committees of more general character, one dealing with the international transport of perishable goods, another with international tickets to cover despatch via several different transport systems, and the third with the co-ordination of transport in general. All these bodies are composed of business men or specialists in the questions under consideration. The method of procedure of the International Chamber of Commerce, which never takes a decision on a question without having obtained the opinions of all its members, makes its work of particular value. Even before the war it fought to obtain the co-ordination of transport. In a pamphlet in 1939 it concluded that this co-ordination could not be achieved either by free unregulated competition or by authoritarian methods, but could be by a form of controlled competition. The I. C. C. was the first to draw the attention of Governments to the need to unify non-governmental organisations for transport by rail. It defined eight basic principles which should govern all co-ordination of transport and, at the 73rd session of its Council on 13th/14th June 1950, it adopted the following resolution :

1. " The International Chamber of Commerce stresses the necessity of co-ordinating transport, a question on which all problems relating to different methods of transport would seem to depend. It considers it necessary that in addition to the transport systems concerned, the groups interested and particularly the users should be represented in all intergovernmental discussions relating to the co-ordination of transport. " It is also necessary that the private carriers should attend such discussions
2. "The Chamber of Commerce considers that in order to make a really effective contribution to the co-ordination of transport, the different transport systems should entrust their interests to truly representative international organisations. In this connection, it considers that the professional organisation of road transport should be actively pursued and decides to follow the question more closely. "

International Transport Workers Federation

Already during the war this body had made a statement in favour of the organisation of European transport and in April, 1948 it adopted the following Resolution :

"The Conference considers that since the end of the war no significant progress has been made in the organisation of European transport on a basis calculated to further the economic integration of Europe;

" Realising that the Paris Report of the Sixteen Nations (of the O. E. E. C.) does not provide for any attempt to end the stagnation which prevails in European transport organisation...

"Reaffirms, in the light of the glaring failure of the post-war organisation of European transport, its demands for the creation of a European Transport Authority;

" Pledges the full support of the European transport workers' unions for a transport authority on which adequate labour representation would be assured. "

In the opinion of the Federation, it would be desirable for this European Authority to include all European countries, both Eastern and Western; in view of the present political situation, however, the Federation considered that a beginning should be made by setting up this European Transport Authority in Western Europe, either within the framework of the O. E. E. C. or that of the Council of Europe.

Whereas the inter-governmental organisations mentioned hitherto were composed of representatives of the Governments alone, or of technicians without political responsibility, the International Chamber of Commerce and the International Transport Workers Federation while basing their recommendations on authoritative technical information, have the immense advantage of representing the point of view of public opinion; as may be noted, the latter is unanimously and actively in favour of an organisation for European transport.

Appendix 2 APPENDIX II

Memorandum on the Co-ordination of European Transport prepared by the Secretariat-General for the use of the members of the Special Committee on Transport, and submitted for the information of the Representatives to the Consultative Assembly⁴

The co-ordination of European Transport

Introduction

Although no fully satisfactory definition can be found of the words " co-ordination of transport " it is at least possible to describe the problems arising out of such co-ordination : these are to be found on three different levels.

Co-ordination of transport may first of all exist within the framework of one specific medium of transport, e.g. between the various national railway administrations.

On another level there may be coordination between different means of transport, e. g. road and rail.

Lastly the term may include the fixing of that portion of its total capital investments which a country devotes to transport.

Co-ordination of Transport and Co-ordination of Capital Investment

From this last angle the co-ordination of transport at the European level is hence only one particular aspect of the general problem of the co-ordination of capital investment—a field in which all attempts so far made at the European level have proved virtually abortive; and transport provides a noteworthy example of duplication and over-investment. It was, of course, quite normal that in the immediate post-war period priority should be given to the reconstruction of transport systems, but it would appear that reconstruction programmes often went beyond actual requirements.

With regard to ports, for instance, reconstruction was often carried out exclusively on the basis of the pre-war position : ports which, were at that time already dying of inactivity and now have no future, were entirely rebuilt or even enlarged.

It is proposed to involve considerable capital outlay for the building of a canal joining the Rhine to the Danube, though it has not been determined whether there is sufficient trade between east and west to justify its construction.

So far as railways are concerned, there can be no doubt that many countries are equipped with a greater number of goods trucks than they need, and the percentage of goods trucks unfit for service, which amounted to 8 per cent before the war, rose to 16 per cent in the first half of 1950, and in certain countries to 22 per cent. Furthermore \$490,000,000 worth of rolling-stock, etc., were purchased from the United States whereas there was unemployment in certain European factories capable of producing these types of material.

At a time when the requirements of re-armament face us with the difficult choice of allocating capital investment, the fraction devoted by each country to transport should be report examined in a realistic light and in consultation with other countries.

But there can be no doubt that the best way to reduce—or, if the term be preferred, fully to make use of—that part allotted by each country to transport in its investment programme, is to ensure co-ordination of transport in its two other forms. The object of this Report is to detail some of the concrete problems arising from co-ordination in the field of intra-European transport.

International and Internal Traffic

The discussions of the Assembly have shown that the terms of reference of any European transport authority should extend only to intra-European transport, setting aside trans-Atlantic communications both by sea and air. But the question arises whether the desired co-ordination should apply only to transport between Member countries or whether it should be extended to the internal transport systems of each country. The limitations on national sovereignty agreed to under the Berne Railway Convention or the Mannheim Act on Rhine

4. This procedure was approved by M. B O N N E F O U S, Chairman of the Special Committee, but the Memorandum does not in any way involve the responsibility of the Special Committee

navigation so far concern only certain international transport systems representing an almost negligible fraction (5 to 10 per cent) of internal transport as a whole. If, however, the Authority is to be really effective it is essential that its competence should be extended to cover certain types of transport which, though operative within the frontiers of one country, are yet of international importance. In this matter, the crossing of frontiers is an altogether inadequate criterion. Some cases of frontier traffic between one country and another are of purely local importance, whereas traffic between two points within a given national territory may in fact have great international importance if, for instance, the traffic in question follows an artificial routing when it would normally pass through the territory of another State.

In the absence of a specific criterion the best solution appeared to be authorising the Authority itself to intervene in all cases of internal traffic where a second country considers its interest to be affected. Purely national or regional questions (e. g. the closing of secondary railway lines or reductions granted to the inhabitants of the suburbs of certain large towns) do not of course come within the competence of the Authority. It may, nevertheless, be hoped that even in regard to these matters the powers of the Authority to make recommendations and, above all, the guidance offered by decisions taken in the international field will bring about a progressive alignment of internal tariffs and working methods provided for by the Authority at the international level.

Having thus, explained why the transport Authority can concern itself neither with the co-ordination of capital investment in general nor with that of the purely internal transport systems of Member States, this Report goes on separately to analyse the problems confronting the four specialised sections of the Authority (rivers and ports, railways, road, air) and then briefly to deal with the problem of the co-ordination of these various means of external transport.

Co-ordination of Port and River traffic

Navigation on the Rhine

Within the framework of the Member countries of the Council of Europe there is, at the present time, only one great river the use of which gives rise to international problems. This river is the Rhine, and the Central Commission for Rhine Navigation, whose activities are set out in Appendix I, has the task of resolving them.

This Commission has, however, so far only been in a position to deal with problems concerned with river traffic alone. Yet if, for the sake of simplification, road transport is ignored, the transport of heavy loads along the Rhine valley either up or down stream may involve the following forms of competition :

This Commission has, however, so far only been in a position to deal with problems concerned with river traffic alone. Yet if, for the sake of simplification, road transport is ignored, the transport of heavy loads along the Rhine valley either up or down stream may involve the following forms of competition :

that between various water transport undertakings based . in various countries (Belgium, Holland, Germany, France and Switzerland) ;

that between the railway networks; and river transport operation.

Such problems are, of course, nothing new so far as the Rhine Board is concerned; but up to this day the latter has not been competent to deal with them.

They have, on the other hand, received some preliminary examination on the part of the E. C. E. in close co-operation with the Rhine Board. There has, however, to date not been an executive body empowered to take all-embracing decisions with regard not only to the various media of transport in question but also to the various countries implicated.

The High Authority may therefore be required to give its opinion with regard to railway and river traffic charges, to the possible coordination of such charges or, with regard to the timeliness of carrying out certain improvements in waterways, on railway lines and in respect of the craft and rolling stock employed. Such is the type of problem which the Executive Committee of the authority will need to resolve, basing itself on the preparatory studies carried out by its various specialised sections.

Other Problems

But, quite apart from the problems concerned with Rhine traffic, which alone have been dealt with at the international level within the framework of the Member countries of the Council of Europe, there exist a certain number of other problems which will necessarily arise for the attention of the specialised section of the Authority.

1. In the case of river transports the movement of craft is frequently affected by the formalities that need to be observed each time a frontier is crossed. This has distinct bearing on the revenue accruing from this traffic. It would be the duty of the High Authority to take all necessary measures with a view to the simplification of these formalities, to their being done away with altogether, or at least to their involving no loss of time.
2. Should the transport of oil for instance, be, at some time or another, considered desirable by means of a pipe line, it would be the duty of the High Authority to examine the question as to whether considerable sums should be sunk in the establishment of such pipe lines the installation of which would occasion the laying-up of those means of transport hitherto operative (in this case, tankers). The investment of capital is indeed not sufficiently justified by saying that the corresponding cost can be covered; account must be taken, when establishing the dues for the new system of transport, of the corresponding charges involved in the undepreciated existing media of transport which will be laid-up as a result of the proposed new medium.
3. If some States contemplate the creation of new international waterways, it is obvious that the High Authority should first of all pronounce with regard to the utility of such waterways and, should this be acknowledged, with regard to their essential characteristics, which would need to be such as to allow of a better use, being made of already existing fleets or of the greater number of them. It is even possible that the High Authority might be required to give its opinion with regard to the usefulness of certain waterways which, though confined to one single country, might, nevertheless, be of importance to other western European countries.
4. The High Authority may be required to make a decision with regard to artificial diversions of traffic as a result; for instance, of a given country establishing a new seaport or even carrying out appreciable improvements on an existing seaport or completely changing the system of port dues and transferring from those Europeans using the port to the taxpayer of the country concerned the extra charges involved. It is quite plain that, if the solidarity of the various European nations is to be taken into consideration, it is in the general interest of Europe as a whole that each country should avoid such action which, in the attempt to alter geography by artificial means, can only have unfortunate consequences for some or all of the inhabitants of Europe.

The Co-ordination of Rail Transport

With regard to rail transport, which is by far the most highly developed means of transport in Europe, those concerned have themselves for a long time now felt the need to resolve their common problems on an international plan, and have for this purpose set up a number of railway organisations, both inter-administrative and inter-governmental.

As emphasised in Appendix I, there is a natural division in the work to be carried out by these two types of organisation.

The railway companies can clearly only settle questions which fall within their own orbit, such as exchanges of rolling stock, passenger and goods time-tables, joint examination of technical problems, the means by which the various national railway rates may be calculated as through rates on international routes, etc.

It is, however, for the Governments finally to establish or approve the various rates, and as soon as the problems jointly examined or decided upon by the various administrations give rise to questions of this kind, action taken by inter-administrative bodies must be concerted and completed by that of inter-governmental Organisations.

This was particularly apparent with regard to the adoption of a uniform contract for the international transport of passengers and goods by rail. It is for this reason that the Berne Conventions were signed and implemented by an inter-governmental Organisation, the Central Office for International Transport by Railway, the so-called " Berne Office ".

There is also another inter-governmental railway organisation, called the International Conference for promoting technical uniformity on railways,—the name of which is self-explanatory— and a joint organisation representative of both railway companies and governments, called the International Railways Congress Association, whose activities are mainly of a technical nature.

Governmental efforts in this field have so far been confined to a minimum number of measure taken to enable the different national systems to work alongside each other within the present framework.

The purpose of establishing a European Transport Authority is to increase this co-operation in the following fields : the standardisation of equipment, the elimination of overlapping traffic and unnecessary competition, and the harmonisation of rates.

5. Tangible results have already been obtained with regard to the standardisation of equipment. Goods-truck brakes, for instance, are now standardised. Further standardisation will be introduced as new equipment is turned out.

6. A somewhat more ambitious project is gradually to introduce a certain division of labour : the manufacture of new equipment should be so co-ordinated that not only is it standardised, but that orders are distributed in a co-ordinated manner. Valuable though it may be to have standardised goods-truck brakes manufactured in different factories, it will be even more valuable if certain plants can specialise in manufacturing specific types of equipment for the European railways as a whole. Such co-ordination would allow of the rationalisation of the European production of railway equipment, cut down costs, avoid duplication, and provide a balance between new production and the upkeep of existing installations and equipment. A similar division of labour and specialisation should be introduced in selecting routes to be brought up to date or extended. This kind of programme, while entailing difficulties of a political nature, would have considerable economic advantages.

7. Standard rates, even if restricted to certain internationally important routes, would have even more decisive consequences. The vital part played by transport rates with regard to the geographical location of industries or the prices of commodities is well known. In the economic structure of the United States, for instance, there have long been preferential tariffs for the North-Eastern industries, thus setting up what amounts to veritable protectionist barriers which prevent the industrialisation of the South and West, at the same time securing an abundant supply of raw materials at cheap prices for the North-Eastern factories. Since such a system really amounts to a customs barrier or, alternatively, the practice of double-pricing, the question of its elimination raises problems similar to those of a customs union, and would have the same type of consequences. To take an example, the liberalisation of coal and steel, as proposed in the Schuman Plan would serve no purpose, were certain countries to maintain preferential tariffs for these commodities, involving an artificial flow of trade and directly influencing the location of the industries in question. Bearing this in mind, and retaining the distinction already propounded between internal routes and routes of international importance, the railway section of the Authority might usefully strive after the following objectives :

7.1. First of all, a uniform system of accountancy. The E. C. E. has already embarked on this task. The idea is to introduce a single accounting system for the various railway companies thus making it easier to compare costs and traffic rates.

7.2. The gradual standardisation of the nomenclature used by the railway companies to classify goods.

7.3. No longer to calculate the rates for international transport on distances within national frontiers, but according to the total distance of the route, thus giving greater scope to the system of degressive rates.

7.4. The harmonisation of international transport rates. This could be effected in the following manner : firstly, by listing the differences between the rates at present in force, both from the point of view of the regulations (operation of complete trains, separate trucks, junctions, siding fees, conditions governing the payment of freight charges, rebates allowed to the public) and from that of their general structure and levels. Thereafter, efforts should be made to establish a common system of rates in which basic charges would be as uniform as possible and based on costs. Such a system would take substance in accordance with the greatest possible number of through-rates quoted.

7.5. Finally, as a long-term aim, a gradual concordance of internal transport regulations in each country and the international legislation established by the two Berne Conventions on railway transport for passengers (C. I. V.) and goods (C. I. M.).

8. Such a programme would inevitably necessitate re-organising the large number of bodies already tackling the question of co-ordinating railways.

9. Negotiations now in progress for the co-ordination through the International Railway Union of the activities of the other inter-administrative organisations constitute a first step in this direction. The second step would be to set up a parallel single inter-governmental Organisation which, while naturally availing itself of the experience gained by the Inland Transport Committee of the E. C. E. and the O. E. E. C. would actually become the railway section of the European Transport Authority.

Co-ordination of Road Transport

The policy traditionally pursued by the various European Governments with regard to road transport has been far from advantageous to the interests of the latter. This can be explained by the fact that at the time road transport came into prominence in Europe there was a remarkable network of railways already in existence which the Governments were to some extent concerned to protect against the ever-growing competition of a new method of transport.

The motor-car was, moreover, for a long time regarded as a luxury rather than an instrument of work, which explains the extremely heavy taxation and prohibitive customs duties imposed that have, to some degree, paralysed the development of road transport throughout the better part of Europe.

If, in addition to these political factors, there are taken into consideration the naturally high prices of motor-fuel throughout a Continent which has of necessity to import practically all its petrol, some idea will be gained of the reasons why road traffic has occupied a less important place in Europe than for instance, in America, to the general advantage of the latter's economy

In view of these unfavourable circumstances, it is all the more remarkable that European road transport should have developed to the extent it has. The number of motor vehicles on the road in Europe is constantly expanding and the proportion of road transport increasing. According to O. E. E. C. figures, road traffic in France already amounts to 15 to 20 % of rail traffic and in a country such as the Netherlands the percentage is much higher.

The question as to whether road transport in Europe should be further developed, and at what rate, involves the whole question of road and rail co-ordination and will therefore be examined in the section of this report dealing with co-ordination between the various methods of transport.

Without belittling the importance which road transport is now required to assume compared with European transport as a whole, it should be made clear that its development will entail a twofold effort : first, increased capital investment, and secondly better organisation.

European road network

It is realised that the present European road network is already inadequate for today's needs. A certain number of Governments who are members of the Inland Transport Committee of the E. C. E. in Geneva have therefore signed a " Declaration " on the need to construct a network of European highroads and to decide on the features which should characterise such roads.

There is of course the objection that major undertakings of this order could better be executed in times of unemployment and help ward off deflation rather than at the present time when they threaten to aggravate inflationist pressure. To this it may be replied that the unemployment which springs from a too low effective demand will probably be solved by the present re-armament effort, but not so the structural unemployment due to the chronic overpopulation of Germany or Italy. The unemployed labour of these countries might, therefore, be usefully directed to these undertakings.

This declaration therefore should not remain a dead letter, and some of the routes at least selected should be equipped forthwith in accordance with the " standard " adopted.

Organisation of Road Transport

But no matter what the size or importance of investment accorded to road transport, the latter must be organised without further delay. If the various methods of transport are to be satisfactorily co-ordinated, they must all be organised in a similar if not identical fashion to prevent their being co-ordinated at the expense of the least efficiently organised method of transport and also to provide for the necessary chain of authority. Now, as is explained in Appendix I, European road transport is at present almost without organisation.

It will be necessary to establish a whole series of technical, financial and judicial regulations for road transport on an international plane in order to advance its development to the stage reached by railway transport. In many points the Inland Transport Committee of the Economic Commission for Europe has already made progress in this field. It is now a question of pursuing these efforts and insisting particularly on matters in regard to national resistance has hitherto been most vigorous, such as the judicial organisation of transport, the establishment of regular routes, the introduction of compulsory freighting, at least for certain commodities, the advertising of transport rates and the regulation of working conditions.

These regulations, though- important in themselves, would be inadequate if European road transport were not organised at the same time on the economic plane. The chief problem to be settled here is the right of foreign conveyors to enter the territory of other European countries either in transit or for the delivery of goods within these countries.

The custom hitherto has been to leave it to the discretion of each country to authorise or prohibit the entry of foreign conveyors to their territory. It is evident that such a solution no longer meets present requirements. On the other hand it is impossible to grant conveyors who are nationals of one European country complete freedom to enter the territory of other states, since this field is still too untried and ill-organised to be able to support the effects of all-out competition. The only system which appears feasible in the present state of international road transport is that of conditional freedom.

It had been proposed that a permanent international Organisation be set up to administer road transport and in particular to authorise the issue of licences entitling European conveyors to carry out international transport assignments in European countries.

This idea met with general opposition, and it seems that under present political conditions the most that can be hoped for is a joint examination of the needs of European road transport by the States concerned. This examination, similar in principle to that which gave rise to the General Agreement on Traffic and Trade (G. A. T. T.) might lead to the drawing up of a common programme for the allocation of road transport under which licences would then be issued by the country of origin of the conveyor. It might well be. one to the main tasks of the competent section of the Authority to organise these annual conferences.

Co-ordination of Air Transport

Present situation

It is a fact that the development of air transport in Europe lags far behind that in very advanced countries such as the United States, and even in certain new countries in South America. There are many reasons for this position : chief among them are the facts that there is a remarkably dense road and rail network in Europe, that distances to be covered are comparatively short, and that Europe is divided by political frontiers and customs barriers.

This last factor no doubt accounts more particularly for the comparative lag in development of European air transport. Although their technical organisation is, as a whole, modern and efficient, their commercial organisation sets them in an inferior position in respect of other world companies and more particularly of American companies. In most countries there is an airline already in existence (sometimes sub-divided for the sake of administrative convenience) which the Government recognises as its own particular company. In all European countries these airways are to a greater or lesser degree subject to various forms of State control and are financed by the State compensate for the obligations imposed. Though it is difficult to quote figures in view on the indirect forms this financial support assumes, it invariably amounts to a very high percentage and there are extremely few companies which can pay their own way. Thus in the case of aviation, even more than other forms of transport, the present political systems of Europe are in conflict with modern technical needs.

This chaotic situation and the resulting fierce competition is of great disadvantage to both passengers and the companies themselves : the timetables are not satisfactory and it is impossible to provide a sufficient rotation of aircraft to ensure their being sufficiently quickly paid-off. Finally, the resulting high costs have hitherto prevented the European companies from pursuing a policy of cheap air services such as has had such success in the United States.

On the contrary, it is the American airlines which, by operating between the various points they touch within European frontiers (so-called " fifth freedom " traffic) are competing with the European lines and making the latter's position increasingly difficult.

Most European companies are already making use of American material almost exclusively —aircraft of American make, as well as ground and radio equipment—and there is no doubt that, with the possible exception of the United Kingdom, the lack of adequate markets will make it impossible for any European country to maintain a purely national aircraft industry without heavy financial loss.

Need for an Agreement

For these manifold reasons it appears more and more desirable that the various European companies should combine forces and organise a coordinated division of labour with a view to increasing air traffic, cutting costs and reducing rates.

Airlines connecting European countries with their overseas territories and the great transatlantic lines would be excluded from such an agreement. That is to say, the proposed agreement would, at any rate to start with, be confined to intra-European transport.

It might be thought at first sight that such restriction would be impracticable, since all European airlines extend beyond the boundaries of Europe and cover the whole world. This view would be a mistaken one : contrary to the case of ocean-going traffic, which is primarily intercontinental, the internal European air network (or rather the Europe/Mediterranean network) is quite separate from the world network, and its operation involves technical, economic and political problems peculiar to itself. Thus, the European network of British airlines is operated by the B. E. A., the Scandinavian Airlines System has a separate European traffic division and the Air France companies have a special Europe-Mediterranean division. This intra-European network can quite well be compared with the internal network of the United States as distinct from the international lines operated by the American companies.

It is thus quite possible to treat as something apart the transatlantic routes which most European countries insist on operating under their own flag for political reasons, and at the same time to evolve a juridical form for the operation of intra-European lines on a joint basis.

A Single European Company

What form should this European Organisation actually assume? There appear to be two possible solutions : either the creation of an international company which would act as a mere chartering agent for the various national companies, and indemnify their services on a miles-flown basis, or the establishment of a European syndicate on the pattern of the Scandinavian Airlines System, with no separate identity but responsible for allocating routes, timetables, operational frequency, capital investment and profits between the associated companies in proportions to be fixed by common agreement.

Needless to say, the ideal solution would be the participation of all existing European countries in a joint organisation of the first or second type, but even a regional agreement of this kind would already be a big step forward, as experience in Scandinavia has shown.

The establishment of such an organisation would by no means mean that the setting-up of an air section in the European Transport Authority would be superfluous ; on the contrary, it would be an essential condition if the Transport Authority is to extend its competency to matters pertaining to air transport.

The fact is that while an Authority of this kind would be appropriate for dealing with the Co-ordination of air transport and other means of transport—a matter which will be of ever-increasing importance in the future—but would not be equipped to organise air transport as an entity. The setting-up of a special section under the Authority would be most useful for co-ordinating different systems, as in the case of railroads, waterways or, to a lesser degree, road transport. In the case of air transport, each company is virtually competing with all the others, and any co-ordination must necessarily be preceded by an equitable distribution of markets such as, in this case, is not made a *sine qua non* for geographical reasons. This first step cannot be achieved by an international Authority, even should the latter comprise a specialised section. Direct agreements between those concerned are essential.

Such direct agreements should be concluded at company level with the object of their combining forces,—and at governmental level. But in view of the close relations existing between the various Governments and the airlines, as described above, and because the latter frequently depend for their very existence on the Governments, and could not survive without their financial support, it is clear that only the Governments are in a position to undertake such a venture.

This report therefore recommends that without waiting for the creation of a European Authority that would have an over-all responsibility for European transport as a whole, and as a preliminary step towards its establishment, a conference of governmental experts and company representatives be convened to examine, in forms to be determined, the possibility of establishing a single European company to co-ordinate operative air routes between Member States.

Co-ordination of the different Media of Transport at the European Level

Although at the international level considerable work has been done on the co-ordination of transport within the limits of each method of transport, especially in the sphere of rail and air transport, and although co-ordination between the different methods of transport is established on a more or less satisfactory basis at the national level, no more than a preliminary study has been made up to now of the coordination of the various methods of transport at the European level.

At first sight there seems to exist a natural division of labour between the four methods of transport, compared in terms of the weight of the freight to be transported, the value of such freight and the amount of time which it can conveniently take in transit. From this point of view competition is obviously quite inconceivable as between transport by water and transport by air. There is likewise no competition between road and water transport. Furthermore it may be said that so far air transport has to a far greater extent created a new clientele than taken passengers from rail transport. (This is less true of shipping). Competition is therefore limited in fact to that between rail and road transport, on the one hand, and between rail and water transport, on the other.

Choice of Criteria

If an attempt is made to draw up criteria for apportioning the volume of traffic between these three methods of transport, it would seem necessary first of all to set out a certain number of basic principles.

10. The co-ordination should be limited to transport organisations proper, transport carried out by persons on their own account remaining free.
11. Adequate liaison should be established between competitive means of transport, with regard both to merchandise, passengers and luggage.
12. In certain exceptional cases, due to military, social or cultural considerations, it may be indispensable to maintain certain media of transport at a minimum level. Losses entailed by such measures should not involve the users of such transport in extra cost but should be borne by the community as a whole.
13. Conversely, account should be taken, in the development of any new method of transport, not only of the advantages which it might bring, but also of the losses which the community may suffer as the result of the liquidation of the existing means of transport.

But although these more or less basic principles are not generally in dispute, the main question lies in whether the co-ordination itself should be left to free competition or whether directive methods should be employed.

If it is decided that it should be left to free competition, this obviously presupposes that such competition should be regularised, that is to say that the different means of transport organisations should first be placed on a comparable footing. In particular they should be put on terms of equality for the determination of their costs with regard to the charges incurred in the setting up and maintenance of their transport lines. The same should apply to charges of all kinds imposed by the different governments : taxes, safety precautions, social service charges, compulsory reductions, etc.. The theoretical and practical difficulties of such a programme may be appreciated.

If the other method is used, the real cost to the community of each method of transport should be analysed, a decision should be made as to the allocation of the freight and the charges duly adjusted according to the means of transport chosen.

These are two main objections to this second method.

First of all, a precise analysis of the real costs of each means of transport presupposes that account is taken among other factors, of the proportion of fixed capital necessary in each case (together with the difficult problems of apportionment which necessarily arise), of the elasticity of demand, of any direct or indirect subsidy, of disinvestments due to the abandonment of an existing means of transport etc. Practical difficulties set aside, the question may be raised, on the purely theoretical level, as to whether it is possible, in determining

real costs, to avoid basing one's calculations on arbitrarily fixed notions, which would rob such calculations of much of their value. On the international level these difficulties would be still further increased by the impossibility of comparing results obtained by different accounting methods

Furthermore it is difficult to see how a policy of direction which took as its only criterion the state of existing means of transport, the demand for transport services, and the cost of the various services, could be conducive to an evolution such as might make proper allowance for technical progress.

From a practical point of view, therefore, there would be no question of applying either technique fully, but only of influencing, by limited measures, the allocation of freight among the different means of transport, as conditioned by the present tariff structure.

More often than not, it will be a question of putting a brake on such developments as react too unfavourably on the existing methods of transport, and which would result in an excessive disinvestment.

Measures of this kind are perfectly legitimate, provided they are not mere expedients dictated by events, but the results of a ripe and pondered policy. Nowhere is this more clearly necessary than in the sphere of road transport.

Development of Road Transport

The development of Road Transport raises, in fact, a problem of general policy, which cannot be settled merely by the skilful manipulation by each party of mere considerations of cost. The problem must be examined as a whole and not with the sole concern of reducing the deficit of the railways.

It is clearly a problem in which account must be taken of the latest technical developments. It may, for example, be thought that the development of road transport which uses petrol should be accompanied by an increase in the number of locomotives using oil-fuel, thus making use of the by-products of petrol-refining. This, in turn, raises the general problem of the substitution of oil for coal and, consequently, of the sources of supply.

The problems involved are too technical to be solved by laymen, but their economic and political consequences are of too great an importance for their solution to be left solely in the hands of technicians.

The first fact to be taken into account is that Europe possesses a well-developed railway network, which has given proof of its efficiency and that, when we speak of the development of road transport, we must consider the complete loss which would be entailed by the abandonment of this or that existing railway installation. On the other hand, it must not be forgotten that such existing capital investment only retains its economic value at the price of maintenance and modernisation which is often very high. The price of such maintenance and modernisation must be set against the results to be obtained from a corresponding effort in the sphere of road transport.

A second fact, no less indisputable, is that American prosperity is to a great extent based on the intensive development of motor transport and that it is, to its great advantage, unconcerned with certain principles which, in Europe, have been given the status of fundamental postulates. In America, for example, the railway has in no way a monopoly of long journeys and the motor coach or private motor car are regularly used to cover distances which in Europe, are the monopoly of the railway.

Side by side with these two economic facts, mention should be made of a third, which is more directly political. Rail and air transport require such large capital investment that, in all the countries of Europe, they are, if not always nationalised, at least subject to close governmental control. As a result, the technological forces which could play a decisive role in the removal of frontiers are controlled by the very bodies whose powers that removal would tend to diminish.

The same does not apply to road transport organisations, which are almost all non-governmental. It follows that to increase the number of private touring cars and road transport organisations would be to increase the number of those who have a clear and immediate interest in the removal of frontiers. It may be recalled, though the analogy is far from perfect, that it was the motor-car which led to the disappearance of toll-houses.

The intensification of road traffic may prove to be at one and the same time a source of prosperity for Europe and a powerful weapon in bringing about its economic unification.

The problem, which arises in a particularly acute form with regard to rail and road transport, also arises as between rail and water transport and may arise to-morrow as between these methods of communication and the pipe lines, the creation of which is under consideration.

But, it must, generally speaking, be categorically asserted that the coordination of European transport cannot have as its object the mere allocation of traffic on the basis of cost, and it must be fully realised that the creation of new methods of transport and the allocation of freight among the existing methods of transport is a political problem. This problem may be solved by remaining within the limits of the existing political structures or, on the contrary the systems of transport may contribute to the building up of new political structures; as was done, for example, by the trans-continental railways in the United States, in Canada and in Asiatic Russia.

The organisation of transport on a European scale only has meaning if it fixes as its goal the economic unification of the countries from among which it will be formed.