

'An anti-cartel cartel' from the Corriere della Sera (11 May 1950)

Caption: Two days after the Schuman Declaration, the Italian daily newspaper Corriere della Sera considers the objectives of the European coal and steel pool.

Source: Corriere della Sera. 11.05.1950, n° 111; anno 75. Milano: Corriere della Sera. "Un cartello anticartello", auteur:Lenti, Libero , p. 1.

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An anti-cartel cartel

Schuman's proposal is a bolt from the blue — assuming, however unlikely it may be, that there really are clear blue skies over Europe. The proposal is to create a common administration for the French and German coal and steel industries, possibly with the cooperation of other European industries, yet its true aim is still somewhat perplexing. The initiative of the French Minister of Foreign Affairs has been favourably received in the various capitals concerned, with the possible exception of London. But there have been too many disappointments in the area of inter-European economic agreements, both recently and in the distant past, for us not to suspect some hidden, purely national interest behind the diplomats' honeyed words. For example, might not France be trying to lay her hands on the Ruhr by means of this proposal? It is well known to be our neighbours' long-held dream. However, it is hard to imagine that Washington is completely in the dark about the French proposal. The temptation is to think that, at a rough guess, this initiative might be following in the wake of the others that aim at closer integration of the various European economies.

We are at mid-point on the European Recovery Programme (ERP) road, and everyone shares the feeling that we should now quicken our pace. Until now, aid to Europe has been given in response to 'chefs' shopping lists', to use the OEEC technicians' jargon. In other words, each country has confined itself to preparing lists of goods to be imported from the USA using the free ERP dollars; the OEEC has, in turn, confined itself to coordinating these lists in an effort to share out the slices of cake in the fairest way it knows how. But now this system has been openly acknowledged to have two defects: it stimulates greed in the countries involved, and it encourages laziness. Every man for himself, and the European Cooperation Administration (ECA) for everyone. The Americans are fed up. From now on, they want ERP aid to serve as a walkway towards, if not exactly a single European market, at least something closely resembling one: a European market with a much broader division of labour than at present. Enlarging the market, the Americans argue, will lead to a reduction in costs. And reducing costs will place European industry on a far more competitive footing on world markets. This is why the Americans are continually urging the Europeans to open up their international trade, set up a multilateral settlement system — the 'European Payments Union' — and do away with dual pricing and so forth.

The preliminary information on the Schuman initiative is reminiscent of similar commitments that already existed before the war. In 1926, for instance, an agreement was reached among the steel industries of France, Germany, Luxembourg and Belgium, to which Austria, Hungary and Yugoslavia later acceded. The purpose of that agreement, a true international cartel, was to keep prices up, since production potential was far greater than the demand for steel products. Now it remains to be seen whether something similar may not lie behind the fine images conjured up by European economic integration. It is true that a common enterprise set up to regulate the production of the largest European quota of coal and steel will aim to modernise the production system, supply all the countries taking part on identical terms, develop exports to other countries, equalise and improve the living conditions of workers and so on; but these are aims that will no longer be taken at face value by the more wary among us. And their suspicion — and I emphasise that it is merely suspicion — stems from a growing awareness that production is outstripping consumption of both coal and steel on the international market.

Producers are trembling at the prospect of a surplus. Consumers are pressing for the lifting of the restrictions that still hamper international trade. The technicians of the UN European Economic Commission who have, until now, managed the distribution of these raw materials are seeking an agreement that will satisfy producers and consumers alike. Their ideal would be an anti-cartel cartel. For instance, European coal production today has reached such levels that production quotas are effectively limited to that of Germany alone. Hence the American pressure to free German coal from these constraints. In so doing, an element of competition will be introduced on the European market, especially against British and Polish coal (both produced under state monopolies), and this will also help to counteract the practice of dual pricing. Naturally, Great Britain is firmly against this American proposal because it fears that it will lower the price of its coal. All the consumer nations including France, on the other hand, are in favour, especially as the artificially high price of coal stimulates the consumption of other energy products, as has happened in Italy from before the war to the present day.

Some time ago, when the Germans were trying to convince the Americans of the need to increase production from 11.1 million to 16 million tonnes, a fall in demand seemed likely because domestic buyers could not afford the coal. This spurred on the Germans to export at all costs, thus coming into bitter competition with Belgian and Luxembourg producers, who were forced to cut back on production. Now German domestic demand has recovered due to spending of the exchange value in marks of ERP dollars; foreign demand has revived as well, thanks to the workings of the inter-European agreement on payments. But this supply of oxygen may run out at any moment, especially as the experts predict a European production capacity of 70 million tonnes of steel for 1953, as opposed to European consumption of 58 million and exports of 4 million tonnes. There is, then, the potential for overproduction of 8 million tonnes.

I have tried to outline the main circumstances explaining the positive reception given to the Schuman proposal, even in Germany. I must add that German industry today, after its dismantlement, is seeking first to obtain the Allies' permission to increase steel production from 11.1 million tonnes per year to between 14 and 16 million tonnes, secondly to obtain assurances against possible nationalisation were there to be a change of government, and thirdly to attract foreign capital. These three aims are strategically interwoven. Foreign capital is especially significant: there is a need for an estimated 2 000 million marks. There are those who suggest that the holders of French (and also Swedish) capital might well be interested. The German proposals that have been made on the subject at first met with a fairly cool reception. Could the French now have changed their minds?

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