

Commentary by Paolo Emilio Taviani on the ECSC (March 1957)

Caption: In March 1954, Paolo Emilio Taviani, Italian Defence Minister, summarises the first five years of operation of the European Coal and Steel Community (ECSC) and emphasises its economic and social benefits for Italy.

Source: TAVIANI, Paolo Emilio. *Solidarietà atlantica e comunità europea*. 5 éd. Firenze: Le Monnier, 1957. 400 p. p. 345-355.

Copyright: (c) Translation CVCE.EU by UNI.LU

All rights of reproduction, of public communication, of adaptation, of distribution or of dissemination via Internet, internal network or any other means are strictly reserved in all countries.

Consult the legal notice and the terms and conditions of use regarding this site.

URL:

http://www.cvce.eu/obj/commentary_by_paolo_emilio_taviani_on_the_ecsc_march_1957-en-82e4a92f-f104-449a-825a-7aa8f1b471bc.html



Last updated: 05/07/2016

Commentary by Paolo Emilio Taviani (March 1957)

The Coal and Steel Community is in its fifth year. We are therefore in a position to assess this relatively consolidated experience.

In the case of Italy, we can say — without fear of error — that the advantages we have derived from the implementation of the Schuman Plan have actually been greater than we forecast when we fought the arduous battle for the approval of the Treaty in the Italian Parliament.

These forecasts proved realistic — as indeed they were intended to be — and in fact erred on the side of caution. Even now, however, there are people here and there who are still bewailing the damage that over-optimistic confidence in a European future could wreak on the Italian economy.

For them, United Europe is a fine ideal, certainly, and therefore to be pursued, but Utopian, and therefore to be postponed to better times if we want to avoid dreadful risks and damage to Italy's economic and social development. 'Someone will win here,' they still seem to be saying with provincial mistrust, 'and we, the poorest, will end up as the losers. Let us first of all do what we can for our national economic development and then, when our structures are stronger, we will tackle the problems of integration.' They fail to see that this is Utopian reasoning as well, since it is obvious that no Italian development plan can be implemented without European and international cooperation; it is not by chance that it was in Paris, at the OEEC, that the Vanoni Plan came into being.

It is still hard, however, when the economic self-interest of the individual and the nation has been preached for centuries, to persuade people that solidarity, where men and nations join forces, may be to everyone's advantage, and indeed that it is indispensable for the development of both men and nations. No association, and especially no integration, of peoples can take place blindly: it is up to the skill of politicians, the initiative of economic operators and the abilities of trade unionists to prevent a union being formed solely for someone else's profit. Undoubtedly, however, there is no reason why a society should not come into being and exist for the benefit of all its members — indeed, this may be normal.

Taking a refutation of this possibility as its starting point, Communist propaganda had tried to play on the common man's mistrust to obstruct the birth of the Schuman Plan, by talking to the Germans about a crafty French manoeuvre against the German economy, to the French about the dangers of being devoured by the German industrial machine, to the Germans and the French about Italy flaunting the 'concessions' and privileges it had obtained, to the Italians predicting the ruin of their coal and steel industry and therefore of the entire Italian economy, and so on. It is perhaps a rather coarse method now that we have radio, telephones and teleprinters, but it is nevertheless significant. Now that the Plan is up and running and, despite successive uncertainties about the integration process, its implementing phases have been duly accomplished, it is also significant that there have been no 'condemnations' or 'censure' of the 'damaging' effects of the plan for our country from the Italian Communists. As might be expected, the only reason for this silence is that the benefits of the Plan are so glaringly obvious to everyone.

Now that we have reached a new phase of European integration and the doubts, in some cases documented and realistic, in others hypothetical, are re-emerging in this new phase, it is worth looking briefly at the advantages that Italy has gained from participation in the Schuman Plan.

Italian industry in the ECSC

Let us cite a few facts and figures on our coal and steel industry:

1. Coal

(The figures refer to thousand tonnes)

	ITALY			ECSC	
	1952	1956	1952	1956	
Hard coal production	1.1	1.077	238.9	249.063	

Coke production	2.3	3.410		62.3	74.799
Domestic coal supplies	3.888	3.392 (1)			20.238 22.215
Domestic trade in coke	0.2	0.48		9.003	9.728
Imports of hard coal from abroad	5.1	7.552			22.3 37.892
Foreign exports of coke	0.72	0.14 (1)		5.186	4.936
Apparent consumption of hard coal	9.9 (1)	12.207			252.0 278.356
Apparent consumption of coke	2.1	2.9			57.0 65.6 (1)

(1) Figure for 1955.

2. Steel

(The figures refer to thousand tonnes)

	ITALY		ECSC	
	1952	1956	1952	1956
Raw steel production	3.535	5.909		41.816 56.739
Pig iron production	1.143	1.935		34.732 43.561
Finished product production	2.724	3.548 (1)		29.699 36.210 (1)
Apparent consumption of steel	4.001	5.814 (1)		33.103 43.809 (1)

(1) Figure for 1955.

3. Other facts and figures on the coal and steel industry

	ITALY		ECSC	
	1952	1955	1952	1955
Coal yield per worker (1)	609 kg	867 kg	1 393 kg	1 497 kg
<i>Per capita</i> steel consumption (1)	91 kg	122 kg	206 kg	271 kg
<i>Per capita</i> gross energy consumption (as hard coal equivalent)			0.8 t	1.0 t

2.2 t 2.5

t
Domestic steel trade:

(a) imports (in thousand tonnes)	350	391	2 420	5 959
(b) exports (in thousand tonnes)	2.4	61.6	2 108	5 664
Steel imports from abroad (in thousand tonnes)		237.6	547.0	782.4 1 494
Steel exports abroad (in thousand tonnes)		21.6	141.7	6 643.2 7 794.7

(1) The figures are for 1953 and 1955.

The following comments can be made on these three tables:

(a) Although modest in size (especially in the case of coal) in comparison with the Community as a whole, the Italian coal and steel industry, far from being weakened and destroyed, is stronger and better. On 31 December 1956, steel production was double the figure for 1952 when the ECSC came into being.

(b) Although coal production in Italy (in Sulcis in Sardinia) has apparently remained unchanged, the *per capita* yield of the work force has increased (from 609 kg in 1952 to 867 kg in 1955 and 949 kg in 1956), an enormous advantage for the Sulcis coal field redevelopment project (the ECSC's contribution to these works will be discussed below).

(c) The increase in Italian imports of hard coal from outside the Community should be seen as directly related to the increase in iron and steel production in Italy. The lack of any increase in imports of hard coal from within the Community is undoubtedly a problem (imports fell from 3 888 000 tonnes in 1952 to 3 392 000 tonnes in 1955). Italian consumers want more supplies from the Common Market or, in extreme cases, want consumers in other countries to offset the higher cost of imports from abroad (in particular from the United States). The issue has been referred to the High Authority, which is currently considering it.

(d) Gross energy consumption per head of population rose by 200 kg in Italy between 1952 and 1955, compared with the average of 300 kg in the Community: this increase is reflected more visibly and with

more substantial consequences in the increase in *per capita* steel consumption: from 91 to 122 kg. There is still a wide gap between average *per capita* steel consumption in the Community and in Italy (360 kg in 1956, in comparison with 122 kg). This is undoubtedly one of the clearest indications of the major potential and need for higher steel consumption and production in Italy and, within the ECSC, in other countries as well.

(e) Apparent consumption of steel increased in Italy (from 4 001 000 tonnes in 1952 to 5 814 000 tonnes in 1955). As mentioned above, steel production also increased (from 3 535 000 to 5 909 000 tonnes). In 1955, imports from other Community countries (from 350 000 to 391 000 tonnes) and imports from outside the ECSC also rose (from 237 600 tonnes in 1952 to 547 000 in 1955 and 371 000 in the first nine months of 1956). These increases can be explained by the rising *per capita* consumption and apparent consumption of steel which to some extent are no more than normal. The important fact, however, is that Italy began to export iron and steel to the other countries of the Community, which it then increased (from 2 400 tonnes in 1952 to 141 700 tonnes in 1955 and 252 000 tonnes in the first nine months of 1956), proving that Italy is able to compete with the iron and steel industries of the ECSC and the world.

Customs protection of Italian steel and coke

Agreeing exceptionally to continue to protect Italian steel and coke, the Community wanted to enable our coal and steel industry to enter the Common Market without necessarily having to suffer sudden and serious disruptions as a result. Customs protection, from February 1953 for coke, May 1953 for steel and August 1955 for special steels, has gradually decreased. Last May, the duty on steel ranged from a minimum of 8.25 % to a maximum of 12.65 %, compared with the initial rates of 15 % and 23 %, while it had been completely suspended for pig iron. This protection will come to an end when the Common Market's transitional period ends, i.e. on 10 February 1958.

There have, however, been no disruptions or upsets at all, and the positive consequences discussed above can already be seen.

Supplies of raw materials

The new situation created by the Common Market has greatly assisted Italian iron and steel, which has been able to free itself from dumping by European exporters and to acquire regular supplies of raw materials, without being subject to sudden price rises caused by changing economic situations. This is especially true of scrap, for which Italy has benefited firstly from secure supplies within the Community at lower prices (from 54 dollars before the ECSC to 32 dollars per tonne with the ECSC), and then from the financial contribution of all scrap consumers in the Community to make up the difference between the internal price (lower) and the external price (higher). Two special financial mechanisms instituted by the High Authority have helped the Italian iron and steel industry to secure its supplies without major constraints in difficult economic periods and have also set in motion a permanent Community solution to the 'scrap problem'.

In the case of iron ore, Italian production increased, between 1952 and 1955, from 828 000 to 2 151 000 tonnes. In 1956, production was 2 645 000 tonnes.

There is a problem with coal, as mentioned above; an appropriate solution appears possible only because the ECSC exists and only within its framework.

Lower prices

Despite changes in the economic situation, the Community's coal and steel prices have stayed at a relatively constant level, well below the average Italian prices in the period prior to the ECSC.

The wholesale price index in Italy shows a downturn for coal between 1952 and 1954 (from a base of 1 in 1938, it was 62 in 1952 and 54.4 in 1954) and for steel (from the same base, it was 75.6 in 1952 and 58.7 in 1954). Increases in steel prices in Italy since the end of March 1956 have ranged from 1 % to 3 %, while

increases in Great Britain and the United States have varied between 5 % and 8 %. It should be borne in mind, and indeed should be accepted, that the Common Market's favourable impact on prices has to be attributed, among other things, to the abolition of transport discrimination and the establishment (which will be completed next May) of the international direct tariffs.

Work force redeployment

Although not directly responsible for the 8 000 Italian iron and steel workers made redundant after the Common Market, the ECSC has helped by contributing 50 % (3.5 billion lire) of the costs of implementing the retraining and re-employment plan drawn up by the Italian authorities.

In a second case of redeployment involving 2 000 Sulcis workers, the High Authority has paid out 395 million lire.

A new case of some 2 000 iron and steel workers being made redundant has been announced in recent days by the industry and the Italian government. The High Authority has agreed to contribute an amount of 900 million lire in this case as well.

Both measures show that the prospect of unemployment is being fought at a Community level and with Community resources (as shown by the origin of the redeployment funds, the 'first European tax' paid by the coal and steel industries of the six countries of the Community in the form of a production levy) and using modern and productive criteria (retraining workers and preparing them for new economic activities, albeit not strictly linked with coal and steel).

The case of Sulcis

The data in the first table show the advantages of an improved *per capita* yield by coal miners; this can also be attributed to cutbacks in the work force employed in mining (for whom the redeployment process discussed in the preceding section has been applied). They do not show, however, and it would be wrong to overlook it, that the ECSC has paid 4 075 million lire to the Sulcis coalfield in the form of a 50 % refund of its losses over the first two financial years following the opening of the Common Market in coal (February 1953), in order to place it in an appropriate position to restructure its deficit and anti-economic situation.

Investment and social policy

The Italian coal and steel industry has benefited from the loans it has been granted by the High Authority with a view to speeding up progress towards the development of more modern plant and productivity improvements: a total of 9 million dollars and 27 million Swiss francs.

Italy has derived advantages from its participation in the Plan in the area of social policy as well: it has benefited from an increase in the construction of housing for workers (668 flats already built or on the drawing board), the financing of technical research, etc., without counting the free movement of coal and steel workers (on its way towards full achievement under Article 69 of the Treaty).

The results discussed up to now have obviously not come about automatically, merely because of the existence of the ECSC Treaty and the commitments it contains, as signed by the national states. In practice, they have been achieved through the work of the supranational executive body (the High Authority), which has issued and imposed its decisions even when national authorities or enterprises and their associations considered them to be detrimental, unacceptable or not in accordance with the Treaty (for instance, the question of CIP — the joint ministerial committee on prices — and coal prices, the refusal of enterprises to pay the levy, etc.). Both the government and individual enterprises or their associations have inevitably in such cases lodged appeals against the High Authority to the ECSC Court of Justice; some of these appeals have been rejected and others have had the desired outcome.

It must also be acknowledged that it has been due, at least in part, to the watchfulness, sensitivity and

capacity of those representing the interests of Italy and its coal and steel industry in Community bodies (the Assembly, Council of Ministers, Advisory Committee) and to the private associations of workers and entrepreneurs if the action of the High Authority has been, turn by turn, pressed for, urged on, stepped up and successfully launched.

Perhaps the most significant aspect of the experience of the ECSC and, within the ECSC, of Italian industry, then is the intrinsic validity of the Community's supranational and federal formula, together with the active, watchful and objective representation of particular interests in its organs and via professional and industrial associations.

It is a living, working and positive reality. It is no longer a hope or a wish, or even merely the text of the articles of a Treaty, but a political reality, paving the way for evaluations and assessments of the practical efficiency of its institutions and offering criteria for action for future developments of the European Community.