

Statement by Giovanni Gronchi (5 March 1946)

Caption: On 5 March 1946, before the National Council, Giovanni Gronchi, Italian Minister for Industry, gives an initial review of the efforts made to revive the Italian economy and outlines the aid granted to the country by UNRRA.

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In response to two questions regarding industrial production from National Council members Della Giusta, Molinari and Giavi

(National Council, sitting of 5 March 1946)

PRESIDENT: The Minister for Trade and Industry has the floor.

GRONCHI: *Minister for Trade and Industry.* I welcome this opportunity to set out, albeit briefly, what the current and previous governments have done to rebuild our industries, and what we are now intending to do, in so far as we are able.

Mr Della Giusta's question perhaps sets the debate in a wider context, namely the general direction that our economic and industrial policy should take.

I am not sure whether this is the most appropriate forum for responding to the questions that he has raised. In fact, I think it best if I confine myself to drawing up a kind of balance sheet of what has been done and what we might include in our budget.

First and foremost, I believe that we should reject a certain feeling of pessimism about our future. This largely derives from political opposition to government by the so-called six-party government, and is in part prompted by the recognition that there are problems yet to be overcome.

This is to some extent manipulation of discontent and, although of by no means negligible significance and impact in the political field, is even more significant in relation to our economy because of the echo it may have abroad.

In response to this excessive pessimism, I think it useful to cast an eye briefly over the position at the time Italy emerged from the war. This may seem superfluous. But often the Italians — and they are not alone — tend to be forgetful and are all possessed of the understandable desire to resolve as rapidly as possible the difficulties they face, rather easily overlooking the long and hard and weary path along which we have come.

I have in my mind, as a picture of an Italy torn apart by bloody war, Naples as she was in June 1944. A great city, which had seen significant industrial development, left immobile and paralysed. Paralysed as a result not only of war damage from the recent past, but the new demands of the continuing state of war that had imposed inevitable constraints and restrictions. As a result, even the limited industrial plant that remained usable was at an absolute standstill. Industrial plant had structurally fallen apart and was left with negligible stocks of raw materials, barely enough for a few weeks' work. Power supplies were reduced to such low levels that it was impossible to think at the time, unless you were vastly optimistic, that there was any possibility of resumption in the near future. At the time, the 'Società meridionale di elettricità' could generate only 40% of its capacity, the 'Terni' was reduced to almost 4%; 'Centrale', which includes the 'Società romana di elettricità', not even 22%; Rome's 'Azienda comunale' 18%; 'Unes' below 20%; and 'Larderello' could barely get above 3%.

The transport system — as we all remember — was practically paralysed. The vestige of a rail service that has gradually, and with great difficulty, been restored was used solely for war requirements, and it was impossible to transport goods and almost impossible to move people around.

Raw materials were coming in so slowly and so piecemeal as to discourage even modest hopes. The Allies appreciated this — and did so even before Italy was plunged into such misery after leaving the war in such tragic circumstances. But they too were subject to the constraints imposed by necessity, so that what they were able to import certainly represented an act of great understanding and an effort of great goodwill, but clearly fell far short of our minimum needs. Until August 1945, that is to say, in the period in which all our

imports relied on the Allies' concern to ensure the Italian people survived, not only in terms of food supplies but also allowing a basic resumption of industrial production, we were provided with aid to a far from negligible extent, to the tune of some \$450 million. But the significant part of that, consisting of raw materials or industrial products, may, for example, be symbolised by the quantity of coal that was able to be brought in — calculated at 30 June last year, that amounts to less than 388 000 tonnes. We are relating that figure to the limited needs of central and southern Italy, as compared with the total requirement in which the industrial concentration of northern Italy accounts for between two-thirds and three-quarters, but it is easy to see how these initial supplies allowed only a partial and sporadic resumption of industrial activity. In July, 100 000 tonnes of coal were imported; in August 200 000 tonnes; in September 250 000 tonnes. I am giving you round figures but they closely reflect reality, and I would add that these imports have to be considered to be destined for the whole of civilian production, and that means not only industrial plants, but all other services, from hospitals to gas works.

The quantities of liquid fuels imported were not in excess of 307 000 tonnes and, therefore, at levels absolutely below any initial need of our economy.

That was Italy when, in the second half of 1944, the first government that could more properly call itself national began to attempt reconstruction from the ruins of war. And if you think that, a little more than 18 months on, there have notably been improvements to so many and such fundamental sectors of our economy, then I believe that the reasons for a modicum of optimism are clear. The 'Meridionale di elettricità' is now, for instance, at 76% of its output capacity; Terni has risen from 4 to about 63%; the Centrale is at 64%; and the remainder between 40 and 50%. Larderello is the exception: its problems are so serious that we cannot expect proper reintegration before the second half of next year. The same can be said of our transport system, although it is hard to put this in figures. What I want to say is that I have a visual image of the recovery in our transport system illustrated by the increasing number of trains now running on our lines and the fact that it is now possible — no longer merely in theory, although it is still difficult — to travel from one place to another relatively regularly.

As far as the various industrial sectors are concerned, and confining my analysis to the most important of them, progress can be summarised thus:

Central and Southern Italy. — Resumption of production has, almost everywhere, inevitably been preceded by a difficult and often trying process of reconstruction, with almost always inadequate resources. During the period immediately after the liberation, production had fallen to almost zero; production rose between the first half of 1944 to December 1945 (compared to total production in 1939) as follows:

The iron and steel industry 3% and 10% (current production in that sector is about one third of what it was before the war).

The engineering industry, 10% and 30%; non-ferrous metals 0% and 20%; mining industry 8% and 40%; chemical industry 15% and 35%; building materials 10% and 40%; ceramics and glass 5% and 35%; the textile industry 15% and 43%; the construction industry 0% and 13%; the food industry 30% and 40%.

Northern Italy. — The principal industries had resumed production at 31 December 1945 at the following percentage levels as compared with 1939:

Iron and steel: 38%.

Engineering: 40% (average last quarter of 1945).

Textiles: cotton 35%; wool 50% (average last quarter of 1945).

Glass and ceramics: sheet glass 90%; refractory materials 50%; ceramics 37%.

Rubber: motor vehicle and motorcycle tyres and rubber components 16%; matting and overlay 54%.

This image of a circulatory system which is starting to function properly again and now shows that Italy is able to move forward, albeit with difficulty, on the path to resurrection is a reality from which we can derive that confidence in the future that I spoke to you about.

Government action has had to focus above all on the effort to procure raw materials for Italy. I need hardly mention that we are by nature a country poor in raw materials. In time of peace, the normal and natural process of trade enabled our industries not only to obtain regular supplies of raw materials but also to build up those stocks that are vital if the production process is to continue.

The war with its excessive consumption, the total cessation of the trade in supplies, its destruction and the need to devote everything to the battle in our territory, caused all our stocks to evaporate. The prime necessity has therefore been to dedicate all our efforts to resuming and organising supplies in raw materials. While the Allies continued, through their military organisations, to provide the emergency supplies I mentioned, it was necessary to proceed as rapidly and systematically as possible to assess the most essential needs and the ways of meeting them. That resulted in the first aid plan, for which credit must go the departments of the Ministry, the bodies of the re-emerging Confederation of Industry and the bodies and experts that cooperated with it, with great commitment and a sense of responsibility. It was due to them that, barely four months after the Ministry was established in Rome, it was possible to prepare that rather significant volume, running to more than 300 pages, to which, I believe, anyone wishing to have a clear and exact idea of the state in which the war left the efficiency of our central and southern industries should still refer.

But, although through that — so-called first aid — plan an effort was made to calculate the need for initial industrial reconstruction, the liberation of northern Italy came about more rapidly than even we could have hoped, and so the picture changed completely.

It is hardly worth mentioning that central and southern Italy has very little in the way of manufacturing centres and that, consequently, for certain essential requirements, it was necessary to provide for the import of finished products also.

The liberation of northern Italy, which was, happily, almost fully efficient in terms of production, necessarily turned our calculations on their head and forced us to rethink almost completely our import plan. It was a task which the departments of the Ministry once again set about eagerly, aided by the Economic Commission of the National Liberation Committee for Northern Italy and the Liberation Committee for Naples. And it should be remembered that a valuable contribution was swiftly and helpfully provided by the economic bodies of the Allied Commission.

That plan too, called the '1946' plan, had already been drafted by June of last year. It was then enhanced on the basis of proposals, criticisms, observations and additions, and was drawn up in — I would say — final form towards October of last year, when it was forwarded to Washington and London.

While we were contemplating industry's future needs in this way, taking a kind of overall view, we still needed to continue, as far as possible, to supply our productive machinery in late 1945, because in the meantime — in August 1945 — the process of direct re-supply through the Allied military authorities came to an end. Consequently, transitional plans were needed, and these were rapidly prepared and designed to respond to the needs of and assist the development of our industrial activity during the period September-December last year.

Some may mock this series of plans, which seem to have been superimposed one on top of the other, but it would have been difficult to adopt any other method in an emergency situation that was so pressing and so changeable as the initial period post-hostilities.

They were a faithful reflection of our industry's situation.

None of us wanted to produce a set of mere statistics and use only data based on earlier circumstances and, above all, predetermined and organised by the previous approach: the aim was to produce an accurate and precise analysis of the situation and draw from it specific and concrete figures. Naturally, we needed the funds which were based — as most colleagues and the Italian public now know — in the counter-value of the AM lire that were credited in dollars by the US Government in America, the money transferred by emigrants and the income from our exports, which we had in the meantime tried to reactivate as far as possible. There was, finally, the allocation which the US Government provided because of the lack of continuity between the end of the direct aid from the military authorities and the start of implementation of the UNRRA (United Nations Relief and Rehabilitation Administration) plan, that is to say the \$100 million, subsequently supplemented by a further \$40 million from the FEA (Foreign Economic Administration), which left us with a total of \$320 million, and that provided the funds that financed the various imports still under way to Italy.

As I said, the 1946 plan was designed to provide a picture of foreseeable need, harmoniously adjusting development of the various sectors in such a way that, in relation to one another, they followed a growth path that had to be coordinated, with the aim of:

- 1) making the maximum use of remaining productive capacity;
- 2) providing as far as possible for our vital domestic needs and in part for an initial resumption of exports, necessary because foreign currency was beginning to flow back into Italy;
- 3) promoting greater employment of the workforce.

Account was, of course, taken of all of the factors limiting the development of Italian production, such the very slow progress with transport, particularly maritime transport, the shortage of coal and electricity and so on. We basically tried to implement what Mr Della Giusta has called programming. And even the staunchest proponents of liberalism saw this as inevitable in that initial period when, although the private sector was eager to launch itself again into the conquest of markets, and resume both its import and export activities, it was still limited and held back by too many constraints, from which we did not have the power to release it.

It is hardly necessary to remind ourselves that the possibility of resuming our contracts with other countries, with some degree of freedom, has been very recent; that State intervention has so far been not only absolutely necessary but the only way in which a certain limited volume of trade has been able to take place. Whenever it has been possible to move away from the compulsory path of exclusive and direct State action, this has been promptly done. And it is illustrated by the commercial agreements which we have tried to conclude first with Switzerland and then with Sweden, France, Belgium and so on, coordination of which is the first organised initiative to reintroduce Italy into the economic life of Europe.

It is easy to imagine the difficulties, but it is perhaps worth reminding ourselves of them briefly.

When we talk of shortages in raw materials, shortages that absolutely curtail the resumption of production, we are thinking particularly of coal, which is the absolute prerequisite for any resumption in activity.

The fact is that, because of international circumstances, the shortage of coal is currently unable to be resolved. This is a situation that has been difficult and painful in the past and is unlikely to look any rosier in the future. As a monthly average, what we have received since the direct allied aid ceased, that is since last October, has not exceeded 338 000 tonnes, and, once the priority needs for transport, the public and private railways, for example, have been met, that leaves barely 225 000 tonnes a month available for civilian and industrial needs. That does not even amount to one quarter of the whole of Italy's pre-war needs.

Our effort to remedy that fuel shortage — and I welcome the opportunity to give public thanks to the allied authorities who have done everything possible to ensure that our production was less difficult and painful in that sector — using national production has been significant. And it is worth quoting some statistics because the credit for this goes not just to our leaders but also to employees and governmental cooperation. Sardinian

coal production, for example, rose from 44 000 tonnes in June 1945 to 52 000 in December, and to 71 140 tonnes in February, so that we are on the way to doubling, in a little more than eight months, the productivity of our Sardinian mines. The mine in Ribolla has seen almost as big an increase, with its production increasing from 6 885 tonnes in June to 15 378 in January. That shows that Government and the country have not waited around for the possibilities of aid from abroad, although there was a great need for that, but have really tried, showing determination and desperate willingness, to work to adjust the limited possibilities of domestic resources to the growing needs of a resumption of activity.

Another difficult sector has been transport, particularly maritime transport. Many figures concerning the relationship between the pre-war potential of the merchant navy and its current capacity have frequently been cited. There is no particular need to repeat them here. To provide a clear picture of the situation, suffice it to say that our merchant navy is reduced to a tenth of its pre-war size, with the aggravating factors that the needs of war, which we had logically to yield to, have also rendered use of the remaining vessels difficult and disorganised. We all know that vessels of all the countries of Europe have had to be made available for direction and use through a single office, and, although divided into various sections, in what might be termed strategic positions in the world, it has inevitably suffered from all the delays inherent in centralised systems that are complex and inflexible, efforts to rationalise and organisational capacities notwithstanding.

Even the conditions imposed on us under the Armistice, according to which we had until a few months ago to hand over to or leave for the use of the Allied Military Authorities almost all of our remaining small tonnage vessels, even those for Mediterranean traffic, give an idea of the obstacles in the way of our resuming trade. This is a situation from which we are just now emerging, but the position will remain extremely severe unless we are rapidly able to acquire from abroad at least sufficient tonnage to make our most basic trading needs at least partially independent of the organisation of the national 'pool'.

Then there are all the problems linked to reconversion. These derive in part from certain autarkic approaches on the part of our industry and in part from the growth in plant and increased employee numbers that the war and its needs created — we had to try to protect our particularly skilled workers from being taken from us and deported to Germany. Then there were the technical consequences resulting from this large mass of non-productive workers that had to remain in the factories, and the financial consequences of the burden that mass of workers placed on our industry.

In those circumstances where revival is slow, difficult and at varying speeds, it is no surprise that many have blamed the policy of the State: the least prudent, the most sensitive policy to what I would call political and indeed electoral aims, insufficiently geared to the vital economic requirements of any productive situation, particularly delicate and complex at the stage when production is being resumed. The same measures the Government has deployed to try to prevent the inevitable mass unemployment which would have resulted had we obeyed purely technical and economic criteria, can be the subject of facile criticism, but I think the alternative of taking a different path at this time would have been very difficult for any government.

It is not a matter of stirring up here the general problem of where to draw the line between State intervention and a policy of liberty. Clearly, at a time like the present, marked by such a fluid economic, industrial, commercial and financial situation, in which it is difficult to formulate programmes that extend beyond a few months, it is premature to claim to resolve once and for all such general questions of principle or approach. Each government, like each representative of the private sector, must regulate itself, I would say, using the most rational expedients possible, in order to draw from chaotic and confused elements the best way of meeting the most urgent needs. And that, basically, has been what not only my Ministry but also the whole Government, in its policy, has tried to do at such a difficult time.

Think too of all the opposition from the country to the introduction of a policy that would have heralded barely the start of some kind of unitary system. Think of all the infinite subdivisions into local economies that hitherto typified trade between one region and another, between one province and another, and even between one municipality and another; think of all the particular characteristics that came to light fuelled by instinct for self-preservation, and that will give you an idea of the opposition to the Government's attempt at a 'national' policy when that is the general feeling.

This is not, nor is it intended to be, a self-defence; it is simply meant to be a record of the objective difficulties we have encountered in the path pursued so far. I said that the possibilities can now be viewed with a modicum of optimism. It is clear that the aim to be achieved is to reintroduce Italy into the economic policy of, first, Europe and then the world. And it is therefore necessary to create even now the preliminary conditions for achieving that aim. We are moving rather slowly — the critics complain whatever the cost — but it is a question of seeing objectively whether it is actually in our power to speed up our pace. We are all aware of the significant imbalance between domestic and foreign prices. That imbalance is so serious that were we to use imports solely with the intention of bringing down domestic prices as quickly as possible, we would provoke crises that nobody with — I would not even say economic but — common sense could want to see. And so this discrepancy between domestic prices and foreign prices, between our excessively high production costs — which make it difficult to export our products, and, within Italy itself, make it so difficult to reconcile the primordial needs of the people with the possibilities of meeting them — and production costs abroad, is one of the most complex and delicate of problems, and one that demands our attention and our efforts. The solution depends above all on progress with supplies of raw materials, but also on the possibilities we have of regulating our production within certain limits and directing it, with a degree of order, towards new forms of freedom. I hardly need say that adopting this approach towards freedom which creates the most favourable context for encouraging initiative to be developed in collaboration with the State, does not imply creating an insuperable barrier to those limits of reasonable discipline that have to be restored to enable a systematic, unitary and coordinated programme of recovery to be drawn up and implemented.

We can rely on only inadequate supplies of coal and fuels, although the more recent outlook may be said to be better. We cannot count on a rapid improvement in the situation regarding electricity, since production, as you know, has been hampered by those same seasonal circumstances. Nor can we count on a rapid improvement in the transport situation, where we will not see that rapid improvement that people generally are impatient for. But it must again be said that all of this, although determining the speed of our resurrection, and limiting, in terms of scale and time, the scope and effects of full economic reconstruction, does not mean that we cannot count on gradual and positive improvement.

We now have a secure — and if not the only one, it is certainly the largest — source of re-supply through the UNRRA programme, which provides a certain volume of imports for the initial months of this year. But we have to make provision for the need to supply our industry in the period after that programme. Although we have tried (and the Allies have worked with us, with a great deal of goodwill) to tailor the UNRRA programme as far as possible to our requirements, it has to be borne in mind — and this has also emerged from the debate in the press — that while our foreseeable requirement for 1946 will be in excess, for the industrial sector alone, of one billion dollars, the UNRRA imports, minus freightage, represent only between \$320 or 350 million, largely to be used to cover food requirements. And so we have raised the question whether it is not worth considering separately the last months of the year in terms of its more urgent needs, and drawing up together, as of now, a more complete picture of our economy's development. That will allow us to ask for and obtain funding going beyond the framework of relief and aid, at the more constructive level of cooperation between the productive forces of various countries and Italy.

The Interministerial Committee on Reconstruction, and particularly the Technical Committee, is therefore preparing a priority plan, on the basis of the 1946 plan, and in it we will need to set out the raw materials and supplies that are most needed for the second half of this year. I am counting on being able to transmit this programme to our technical delegation in Washington within a month at the outside, so that it has a basis it can use to adjust purchases in line with the financing possibilities. At the same time, through its contacts with the authorities and technical branch, it will be able, with their help, to set out the bases for the wider-ranging plans; they will need to encompass at least three years and provide a systematic and complete picture of our recovery, in terms of each of the major sectors of industry and agriculture.

We have too long relied on the technical progress of the English-speaking countries, and therefore need to re-engage, notably from a technical perspective, with the most up-to-date achievements of our productive apparatus.

There are many who will smile wryly at the idea of drawing up plans in this way, but I think that until we can resume some kind of normal economic life at national and international level, that is to say until we can predominantly rely on the free forces of individual initiatives, State intervention is absolutely vital for the resumption of contacts and the development of trade, to ensure that whatever we have available to us is used as rationally as possible in the common interest. The need for this State intervention also means that we have to have some kind of machinery of consultative and executive bodies. And here I touch briefly on a point that has been the subject of polemic in recent weeks, namely my opposition to the senseless dismantling of the organisation of the Industrial Council for Northern Italy and the Industrial Committees, and my intention of extending a similar organisation to the rest of Italy.

I am not one of those people who think that what we found, in the field, in northern Italy, at the very point of liberation, is the perfect model, apt to meet, without inconvenience or shortcoming, all of our needs. Nor am I one of those people who believe that the State is the body best suited to intervene so directly in the country's economic life; but I must concede that, in the current circumstances at least, the bodies that have presided over the allocation and distribution of raw materials in northern Italy up to now, with all their avowed defects, have averted a state of confusion and dysfunction that would certainly have existed had not even that organisation been in place. Without it, what could we have relied on? The professional organisations, or those local government offices that are industry's provincial offices or the chambers of commerce.

As far as the professional bodies are concerned, and as I said in an interview, a perfect harmony of views between those organisations — and, therefore, between the interests of the industrialists and farmers and those of the State — has yet to be demonstrated. Consequently, it is not possible to delegate such delicate and difficult tasks as the allocation and distribution of raw materials to professional bodies without vigilant State intervention.

Not to mention the fact that there are many raw materials of interest to several productive sectors and thus several professional sectors, making it impossible to implement fair distribution without the help of bodies that are outside the confines of the professional bodies and can take cognisance of, harmonise and coordinate the various and often conflicting requests.

The second possibility, that is to say the local offices that the State (in parentheses) has only now been able to set up again everywhere, they are certainly not in a position to have an overall picture. I have said, on other occasions, that I am not interested in finding out, for example, how much coal is being requested or used in Genoa, Bari or Palermo, but how much coal is needed for the textile sector, the iron and steel sector, the chemicals industry, in order to be able to activate a plan to revive production that has at least a semblance of rationality. It is not possible to obtain that overall vision through the chambers of commerce either, as they are able to represent the problem of distribution from a merely topographical and partial perspective.

That is why we need to set up as rapidly as possible an organisation that will enable the Ministry, which, like all centralised State bodies, neither has nor can have direct knowledge of local needs, to identify them, to see to it that they are met, monitored and screened by subcommittees comprising not only ministerial representatives, but also representatives of local and individual interests, like the chambers of commerce and professional bodies, at the centre, so that the various needs can be assessed and satisfied as necessary, applying the requisite degree of coordination.

I do not mean here that what is effectively a burdensome machinery should be superimposed on the freedom of initiative, but I do believe that this is the least cumbersome method the State can use to intervene for the general good. When we speak of State intervention, it is always as if it were an action that stifles any private initiative. I say, and believe that, as far as I myself am concerned, I have demonstrated it in the approaches I have in practice taken, that State intervention can provide effective support and cooperation, in which private organisations and initiatives are widely used when they show themselves to be capable of fulfilling their task in the public interest. But I must add that too often at this time, still greatly haunted by the past, we

have run up against surviving approaches and outlooks that reveal too much of a focus on the particular interest of certain groups and very little on the more important interest of the community.

This is a phenomenon that has manifested itself very seriously in many sectors, and which has emerged here and there even in the approach taken by the workforce. In the past, even though it is now becoming an exception as a result of a greater and clearer awareness, it was not rare to hear of workers requesting for themselves the particular privilege of distributing a quota of the products of the factory in which they were working, not to undermine the company but to boost their income and that of their family. That is clearly an understandable aim in the current difficult circumstances, but it is a sign of the extent to which that very particular way of thinking has been alive in all sectors. Hence the need for it to be contained and controlled by the State in the general interest.

Of course, the situation that we have to tackle is extremely complex because of other factors also that remain beyond our influence or control. As yet, for example, we have no international status allowing us to anticipate our role in the economic life of Europe itself. We are not, therefore, able to draw up programmes that extend beyond our immediate needs and coordinate, with a longer-term vision, our current limited opportunities and possible future prospects. That is happening particularly in those sectors in which we are largely suffering the consequences of an autarkic political approach and the needs of the wartime economy. Let me cite, for instance, a problem that has long weighed upon our economy, and is even now on our minds: the problem of our iron and steel industry. It is clear that Italy's iron and steel industry has always been equipped in such a way that it has not been fully utilised even during times when production demands were at the greatest. Consequently, much of the plant remains shut down at a time when, on the one hand, there cannot be assumed to be a large market for its products, but it is also likely that there will be increasing competition from abroad. And it is therefore a problem that must be tackled without delay, because, in itself, realistically, it is more a problem of capital investment than of employing the workforce. But it has on a significant knock-on effect in our economic life for the important and sensitive sectors that depend on it, such as metallurgy and engineering.

The Government and my own Ministry are seeking to get to grips with the raft of issues that arise and to find a solution. And the various measures that we are adopting in the field, for instance of reorganising the Institute for Industrial Reconstruction, show how we intend to tackle the basis of these problems, taking the requisite comprehensive approach. Basically, the Institute for Industrial Reconstruction to a large extent represents our iron and steel industry, because it forms perhaps the greatest and most important nerve centre of that industry. Because its position is, if not identical to, still closely linked with that of the industry. This is one of those instances in which, without entering into lengthy debate about socialisation or nationalisation, there is an experimental field for direct State intervention in a sector of our economic life; both directly and through the Institute for Industrial Reconstruction companies, the State itself is the almost exclusive arbiter of their existence and policy on production.

Generally speaking, therefore, I would say that the Government's policy is geared towards simultaneous intervention by the State and an effort to encourage private sector initiative and support its development. I would go so far as to say that if I had to describe in a sentence the approach to be taken at this time, it would be, in my view, a balance between two necessities, State intervention and recourse to private initiative. This, of course, poses the problem of where the limits lie, but also of strictly observing the real situation in the individual economic sectors. At the same time, there is also the issue of wide-ranging cooperation between all of the country's productive forces — this would be little advanced by discussion about or arguments over direction, but it is an area where industriousness, goodwill and a sense of responsibility on the part of all are vital.

Here in fact the problems of industrial and economic life form part of a more generally political issue and coincide with the higher interests that Italy must defend in her new international existence.

At this time, we need to earn the trust of others, showing ourselves to be at peace, aware and with a general desire to work; we need that to achieve our future possibilities for foreign credit.

That does not mean that we should simply submit to any requirements that might arise and curtail our spiritual, political or economic independence. We must be realistic and understand that we are emerging from a period in which trade between countries was exclusively between governments. Consequently, as trade between groups and individuals develops, the predominantly political criterion, rather than economic or financial, that also conditions economic relations between governments wanes, and the criterion that is specific to commercial relations grows in importance: trust, meaning security for the future of companies, guarantee of employment and payment, an amortisation scheme for repayment and so on.

That means that our companies must seem positive and our production rationalised; our programmes for the future must appear drawn up and forward-looking, on such specific lines as to give the impression that we are proceeding not empirically and unpreparedly, but following a gradual and overall approach to reorganisation. That then also requires that we create or reinforce everywhere the sense that our work and our efforts are proceeding in the kind of stable and secure atmosphere in relations between groups and interests within the national framework that are the distinctive characteristics of a democratic system. Here the problem becomes broader than just an industrial, technical or economic problem. It becomes a political problem, a problem of the social life of our country, as it will be in the near future. And in is in that broader context that the signs are, in my view, reassuring and contribute further to that modicum of optimism I was talking about. We emerged from the war in a state of deep-seated and bitter anxiety, and the mass of the people, in particular, came out of the war feeling highly charged.

It is always like that: wars leave the collective spirit in a state of messianic expectation, an expectation that something unclear but new and radically different is coming. Without realising it, the mass of the population are thus launched towards hopes almost of miracles, changes and major innovations in all a country's economic and social structures. The expectations that came to light about certain initial achievements for a new employment status, such as the management committees and councils and so on, are part and parcel of that way of thinking.

What alarm those expectations roused among the public and the press, and what concern there was in other countries, where people might have thought we were on the brink of sudden and far-reaching change. I am not talking here about the possibility of radical changes of that nature in economic structure, but I do say that whatever they are, they can never be sudden, because in the economy, as in nature, you do not make great leaps. And I would add that we all of us understand this. In point of fact, as we gradually observe realities more closely, and with the instinctive good sense of the working masses, we are now seeing a more positive and better understanding of current difficulties; and what might have seemed exaggerated and dangerous aspirations to right-thinking men and economic theorists, have now increasingly become more positive expressions of a desire to cooperate. These are the points of departure then, not the arrival points; they require and leave open the path to future developments that do not shake the foundations of our productive structure but reinforce that sense of solidarity to which we must have reference, at this time in particular, so that ours is the swiftest and most active revival possible.

That sense of equilibrium, the signs of which we can see, that desire to rebuild that has inspired our working classes at all levels, from the moment they found themselves in the ruins of their industries, and did not despair, creating from the ruins of twisted structures the miracle of vibrant workshops, that is a fundamental reason why we can look with some confidence to the future.

That, as briefly and concisely as is possible in this forum, is how we have perceived and continue to perceive the problem of Italy's industrial reconstruction.

I believe that the coming weeks — and if not weeks, then months — will provide proof, both statistically and by way of specific achievements, of the gradual progress in our recovery. They will show that in our endeavours, we have taken proper account of reality, albeit it hard and difficult, seeking to assist and support the efforts the Italian people have made so far and will continue to make in the future to resume their position in the life of Europe and the world. *(Loud applause and many words of congratulation).*