

Italicus, Italian industry and the Schuman Plan (1951)

Caption: In 1951, the French monthly journal, the Nouvelle Revue de l'Économie Contemporaine publishes an article, written under the pseudonym Italicus, which reveals the concerns of Italian industrialists regarding the Treaty establishing a European Coal and Steel Community (ECSC).

Source: Nouvelle Revue de l'économie contemporaine. Numéro spécial: Le plan Schuman. dir. de publ. Dauphin-Meunier, Achille. 1951, n° 16-17. Paris. "L'industrie italienne face au plan Schuman", auteur:Italicus.

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Italian industry and the Schuman plan

by *Italicus*

Last June's proposal by Robert Schuman, the French Foreign Minister, to pool European coal and steel resources probably met with the greatest, most widespread sympathy in Italy.

Italy is wholeheartedly in favour of establishing a sufficiently large European economic space, freed from the trammels of customs and duty, enabling it to develop the full production potential of the various industrial sectors, in order to cater for the needs of its steadily growing population. Italians, regardless of social standing, are passionately attached to the idea of European union. Voicing this sentiment, only a day after Mr Schuman announced the plan that now bears his name, the Italian Foreign Minister, Count Sforza, freely agreed to the Schuman plan at a press conference in Paris.

But months have gone by since then. French and Italian representatives have met on numerous occasions, in particular just recently at Santa Margherita on the Italian Riviera, and in the end the Italian delegate initialled the draft treaty on the European coal and steel pool.

Italy's industrialists have changed their minds, however, since Mr Schuman first unveiled his grand design.

They are certainly still very keen on the idea of European integration, in keeping with the spirit that moved the French minister and still inspires his work to build peace. They have not forgotten the fact that the economic union of Europe is, as far as we can see, the most effective means of seeing off the threat of Soviet subversion. Furthermore, thanks to the increasingly close links business leaders enjoy with the United States, they are fully aware of the disastrous impact that the failure of the most serious attempt since the second world war to combine all the energy and potential of the various peoples of mainland Europe in an unassailable whole would have on American public opinion and the administration.

The outlook of many people in Italian industry changed because of the unusual circumstances in which the draft treaty, which has now been signed, appears to have been drafted, and because of the terms of the text itself, parts of which may have serious consequences for Italy's coal and steel industry.

Drafting the Schuman plan

Mr Schuman is a distinguished politician, whose intellectual and moral authority is not at issue. To acknowledge that he is not a specialist in economic affairs in no way diminishes his standing. It was therefore only to be expected that he should give economic experts the task of putting his generous ideas into words. Among their number are Mr Monnet, Mr Uri and Mr Hirsch, whose positions are well known to the international business community.

To start with, it is unfortunate that these eminent experts did not meet the relevant trade organisations often enough during the discussions prior to the initialling of the text. In particular, the Italian organisations were not properly consulted, a shortcoming that explains the friction between France and Italy, primarily as regards the issue of ore from North Africa, which was only settled at the meeting in Santa Margherita.

Proper Italian participation in the coal and steel pool requires complete equality as regards both the supply and the price of raw materials. It is encouraging to see that Italy has been invited to take part in the central group addressing raw materials in Washington. But we would like to see direct understandings emerging between French and Italian manufacturers. Negotiations between the industrial groups concerned will do much more to overcome the obstacles in the way of extending the Western European economic space than intergovernmental agreements on policy. Industry has a much clearer understanding than anyone else of the technical complexity of the economic problems ahead, and it has the means to find solutions, which, though not necessarily spectacular, will nevertheless prove effective.

In the text they have drafted, the authors of the Schuman plan seem to fear such negotiations between

international trade organisations. Their skill with words undoubtedly helped them conceal their misgivings and hostility. To gain an accurate picture of their overall position the reader must refer to pages that are often far apart in the document and make connections between phrases in different sections. But with a little thought one can only conclude that the actual authors of the plan published under Mr Schuman's name advocate an approach that belongs to the old arsenal of official, government intervention and oppose free international agreements between manufacturers.

Threat of possible collectivisation

The treaty frequently pays lip-service to free market principles, but all too often this comes across as empty rhetoric, designed merely to prevent superficial opposition. In fact the text as initialled seems largely inspired by motives of state control and could very well be an excellent instrument for enforcing totalitarian-style collectivisation.

Owing to the large number of bodies supposed to keep a check on it, the High Authority responsible for managing the pool will draw its authority from itself alone, without any real accountability or genuine supervision. The Authority escapes control because it cannot be controlled. But it will be up to this body, following a basic consultation process, to fix the price of coal and steel, decide to open or close facilities, borrow funds, take sovereign decisions on the fate of the management and hundreds of thousands of workers in the coal and steel industry.

As Livio Magnani, one of our finest economic journalists, pointed out in an article published some time ago, Italian industrialists are still very sceptical about the merits of entrusting economic planning to international bodies. They are also afraid that plans for restructuring Italy's steel industry, decided upon after painstaking discussions between specialists, may be upset, now that the Marshall Plan administration, the Council of Ministers and the Italian Parliament have allocated substantial funds to certain firms, such as Finsider, which as everyone knows are in a precarious position.

Central planning of this sort could easily lead to collectivisation. The logical outcome of increasing state intervention and meddling by the High Authority in the affairs of the steel industry may well be the collectivisation of Italian steel production.

Our business leaders have given a great deal of thought to the fate of Britain's steel industry. They are also aware of the threats which now confront German steel and may affect France too in the near future. Many of them have been struck by the critical, but entirely rational articles published by the Communist daily *L'Unità*, which argue that the European coal and steel pool, as proposed by Mr Monnet and his team, would only be a viable proposition if steel production in all the member countries was nationalised. However, as the text stands, and despite Mr Schuman's no doubt sincere denials, there is nothing to prevent the High Authority from demanding at some point that governments nationalise the steel industry in the various countries, on the grounds that this is essential to the operation of the pool.

The disappearance of Italian steel

Other, more immediate dangers are of concern to Italian industrialists. The draft text provides no guarantee that firms may not be sacrificed at some point on the excuse that their costs are too high and profits too low. Logically, with western Europe stripped of all customs barriers and economic frontiers, efforts will focus on the branches of the steel industry that enjoy the greatest natural and technical advantages and are capable of satisfying the demands of European consumers at the lowest price. It would consequently make sense to shut down Italian steelworks in favour of their counterparts in the Rhineland and Westphalia.

Our reservations above all concern the trade in finished products manufactured by the steel industry. Given the extremely limited volume of Italian output — barely 2.5 million tonnes a year — compared with France and Germany, which total about 20 million tonnes, it will be extremely difficult to defend Italian interests in the pool itself and before the High Authority.

French-Italian negotiations on an iron and steel pact within the limits of the French-Italian customs union have already foundered on this obstacle. Finsider, Fiat and the Falk steelworks in Lombardy, do not have the same reasons as Count Sforza to approve Mr Schuman's proposals on the abolition of trade barriers that protect Italy's steel industry.

The Italian government was certainly right to initial the draft treaty, publicly marking Italy's attachment to the idea of European unity. But there can be no question, in the immediate future, of its sacrificing the legitimate interests of its people to what remains a myth, particularly in view of the current international climate. The figures are there to remind the government, if need be, of reality. Italy's steel industry continues to underpin the whole of the nation's industrial sector. After the major effort put in by the steel industry it would be madness to jeopardise the results: contrary to the usual seasonal trend, steel production in January 1951 increased dramatically compared with December, reaching 216 411 tonnes of steel, compared with 205 854, with 38 679 tonnes of cast iron, up from 30 180, and 187 000 tonnes of rolled metal, compared with 170 919.

The Italian coal industry

The coal industry has the same misgivings about the treaty as its counterpart in steel. As the Milan-based business newspaper *24 Ore* pointed out, the management of the coal mines suspects that the projected pool is a front for an all-out attempt by governments to take over the European economy.

Italy's coal industry plays a relatively minor role in the national economy, and an even smaller part in Europe. However, considerable efforts have been made since the second world war to boost coal output, particularly in Sardinia, in order to safeguard one of our own energy sources.

Membership of the European coal pool requires Italy to end customs duty on foreign coal, which means dealing a fatal blow to its coal industry and depriving it of one of the safeguards, albeit minor, of its independence.

Conclusion

In a memorandum they have published, the national industrial federations in the six countries concerned by the Schuman plan, in particular the Italian federation, have endorsed the various concerns we have outlined here as objectively as we can.

The leaders of Italian industry consider themselves morally bound by this memorandum. There is certainly no question of Italy withdrawing its support for what we may refer to as the 'Schuman idea of European union'. On the contrary, it is very keen to see that goal achieved. Nor is there any question of Italy going back on its word.

But as the draft treaty itself provides for a ratification process, involving modifications and delays in implementation, Italy's coal and steel industry is calling for far-reaching changes in the final wording of the Schuman plan.

As it explained in a public statement released at the end of the meeting of the Council of European Industrial Federations, representing the six countries involved in the Schuman plan, the coal and steel industries are concerned about the constraints of collective, totalitarian state management which, as they put it, 'seeks to cover up at an international level the setbacks it has suffered nationally'.