



State and Economy in Italy before the Economic Miracle: Economic Policy and International Constraints from the Reconstruction through the Pre-Boom Years

Simone Selva

In this study, I examine upstate-market relationships throughout the formative pre-boom 1950s by drawing on government materials and parliamentary papers. I explore the making of industrial policy in this decade through two steps: an overview of industrial policy during the reconstruction period based on the most recent research on those years, and an in-depth analysis of the 1950s government intervention with a closer look at the making of the Ministry for state shareholdings and the reorganization of at-large state shareholdings through the Christian Democracy political debate. My aim is to highlight both continuity and change in industrial policy in light of politicians' consensus policies.

The downfall of the postwar social contract all over the western world since the early 1970s opened up a discussion within the social sciences on the nature and meaning of the post-World War II economic boom. This intellectual debate accelerated throughout the 1990s; both sociological surveys and historical overviews of this period agree that prosperity and economic growth were reached through an economic model widely based on a deal between capital and labor. The model David Harvey calls Fordism-Keynesism was underpinned by extensive cooperation between entrepreneurs and the labor movement such that labor accepted a relatively modest purchasing power in return for further employment-creating investments and a clearer political integration within Western democracies.¹ In this process, which led to what is now widely known as a "golden age," the political elites became even more important in regulating this model based on the balance between production and consumption.² Shortly after the end of World War II, it became clear in Western Europe

¹ David Harvey, *The Condition of Postmodernity* (London, 1990).

² The expression, now widely accepted and used by a broad range of social scientists, is from Eric Hobsbawm, *The Age of Extremes: The Short Twentieth Century* (London, 1994).

Simone Selva is in the Department of History of Society and Institutions, State University of Milan.

that this rising role of politics would be expanded through state intervention into the economy. Both the Labour government's economic policy up until the early 1950s and the *Plan de Modernization* established in France at the time demonstrated this tendency.

In this paper, my aim is to make this point using the Italian case. In Italy, state economic intervention was delayed; it began during the 1950s and was not fully achieved until the 1960s under the center left governments. I am interested in whether or not a mixed economy in a western European country like Italy was connected to the goal of establishing a consensus policy by the political elites. The definition and reconstruction of industrial policy from reconstruction to the 1950s makes it possible to describe changes and continuities in Italian nation-building.

A survey of the history of economic policies in Italy after the reconstruction period draws on two different but interwoven historiographical points: one is the history of international relations, in particular the history of foreign economic relations after World War II; the second specifically concerns Italian historiography and its changing fields of study over the last 30 years.

The history of international relations after World War II has long been interpreted through two clashing views on the origins of the Cold War. The first is the Western view ascribing responsibility for the Cold War to the Soviet Union's aggressive policy toward Western Europe and the subsequent threat of the rebirth of the free market and the rescue of liberal democracy in Western Europe. This interpretation arose as soon as the world split into two spheres of influence. A leftward vision has arisen since the Korean War stressing the American responsibility for the onset of the postwar international order. In both visions, the postwar international order was conceptualized as a bipolar world split between two superpowers. This approach meant these perspectives left out the role of and the impact on Western Europe, an area all the more worth watching when we consider that it was focus of this dispute.

Since the second half of the 1970s, Europe's role in the making of the Cold war appeared on the agenda of historians of international relations. In two successive world-famous articles, Harvard University historian Charles S. Maier opened up this earlier debate.³ According to Maier, the Marshall Plan made a vital contribution to the European reconstruction: "the destruction left by World War II allowed rapid catch up recovery that could be attributed to the American role."⁴ Maier's view framed Europe's recovery and the foundation of the postwar boom within

³ Charles Maier, "The Two Post War Eras and the Conditions for Stability in Twentieth Century Western Europe," *American Historical Review* 86 (2 April 1981); "The Politics of Productivity: Foundations of American International Economic Policy after World War II," *International Organization* 31 (Autumn 1977): 607-633.

⁴ Charles Maier, "The Politics of Productivity," 632.

an American-centered international order that contributed to the political stabilization of Western Europe. Following Maier were Michael Hogan and other American historians mainly concerned with the history of the Marshall Plan.⁵ English economic historian Alan Milward was the first to challenge Maier's view since the mid-1980s.⁶ Milward demonstrated the role of Western European national elites both in shaping the European reconstruction, then in laying down the foundation of European integration not so much as a way to overcome the European nation state, but as a further way to promote everyone's national interest on a European level.⁷ By the time Milward and his research group stepped into the debate on the post-World War II European economy, there had been other contributions. Melvyn Leffler tried to shift scholars' conception of the Cold War from a matter of responsibility between the two superpowers to a foreign policy approach caused by mutual fear.⁸ Geir Lundestad joined the idea of a U.S.-led European reconstruction by talking about an empire by invitation whereby the Europeans, worried about the "red scare," asked Washington to help them.⁹ More recently, some have argued with respect to the Marshall Plan that the interpretations given by Maier's school on the one side, and Milward's research group on the other, are compatible. According to Carlo Spagnolo, a research fellow concerned with the Marshall Plan's impact on and use by the Italian elite, shared interests allowed the Europeans and Americans to work together throughout the Marshall Plan years. These included the American's search for diplomatic and economic hegemony in Europe and the Western European struggle to

⁵ Michael Hogan, *The Marshall Plan: America, Britain and the Reconstruction of Western Europe, 1947-52* (New York, 1987).

⁶ Alan Milward, *The Reconstruction of Western Europe, 1945-51* (London, 1984), and "Was the Marshall Plan Necessary?," *Diplomatic History* 13 (Spring 1989): 231-253.

⁷ Alan Milward with the assistance of George Brennan and Federico Romero, *The European Rescue of the Nation-state* (London, 1992).

⁸ Melvyn Leffler, "The American Conception of National Security and the Beginnings of the Cold War, 1945-48," *American Historical Review* 89 (April 1984): 346-381; Melvyn Leffler, *A Preponderance of Power: National Security, the Truman Administration and the Cold War* (Stanford, Calif., 1992).

⁹ Geir Lundestad, "Empire by Invitation? The United States and Western Europe, 1945-52," *Journal of Peace Research* 23 (1986): 263-277; Geir Lundestad, *The American "Empire" and Other Studies of US Foreign Policy in a Comparative Perspective* (Oslo, 1990). The most recent version of Lundestad's thesis is Geir Lundestad, "Empire by Invitation in the American Century," in *The Ambiguous Legacy: U.S. Foreign Relations in the American Century*, ed. Michael Hogan (New York, 1999). Lundestad's study on U.S-European relations throughout European integration is indeed more focused on the Americans' willingness to intervene in Western Europe: Geir Lundestad, *Empire by Integration: the United States and European Integration, 1945-1997* (New York, 1998).

rescue the nation-state.¹⁰ The United States used economic assistance to intervene in Europe without dismantling the European nation-state. On the contrary, Washington allowed Western European leadership to remain because a wealthy national elite could overwhelm home resistance to, and distrust of, economic dependency on the United States and interdependence, in general. With regard to Italy, Spagnolo argues that this American approach is found in the Christian Democrats' (CD) appeal to Marshall aid during the 1948 electoral campaign to defeat communism and let free-market oriented reconstruction prevail.¹¹ Spagnolo's survey on the consequences of this American conception of economic assistance on home affairs is straightforward. The CDs' role accounts for the economic policy they attained in the short run. U.S. grants were used to fund productive investments rather than to foster industrial investments with a clear employment-creating effect as the American authorities in Europe suggested.

Thus, my aim is to position my work within this historiographical landscape. As Spagnolo raised the debate on the role of national elite by exploring the shaping of Italian economic policy during the reconstruction period, my aim is to examine this issue in the 1950s. Thus, in focusing on state intervention into the economy during the 1950s, I draw on the debate concerning the national elites' role within the broader context of supranational integration. Even if I leave out the impact of foreign assistance on the making of the state entrepreneur since the early 1950s, it is worth reviewing its main features as documented in historical studies. Historians concerned with the reconstruction period demonstrated that economic assistance to Italy was aimed at stabilizing the country by targeting the employment problem. This strategy should split the labor movement into two streams: the most moderate factions should take part in restored market capitalism and its accumulation process as wage-earners and consumers, whereas the far-left component should be marginalized from mainstream Italy.¹² As stated, the Italian elites used

¹⁰ Carlo Spagnolo, *La stabilizzazione incompiuta: Il Piano Marshall in Italia (1947-52)* [*The Unfinished Stabilization: The Marshall Plan in Italy, 1947-52*] (Rome, 2001). In English, see also Carlo Spagnolo, *The Marshall Plan and the Stabilization of Western Europe: Counterpart Funds and Corporatist Trends in Italy, France and Western Germany* (Ph.D. diss., European University Institute Florence, 1998).

¹¹ Carlo Spagnolo, "Il Piano Marshall e il centrismo: Il patto tra Stato e industria del 1948" [The Marshall Plan and Centrism: The 1948 Deal between State and Industry], *Italia contemporanea* [*Contemporary Italy*] 216 (Autumn 1999): 473.

¹² A number of studies have been produced since the late 1980s. For a sample of this debate see John Harper, *America and the Reconstruction of Italy, 1945-48* (New York, 1986). Ronald Filippelli, *American Labor and Postwar Italy, 1943-53: A Study of Cold War Politics* (Stanford, 1989). Federico Romero, *The United States and the European Trade Union Movement, 1944-51* (Chapel Hill, N.C., 1992); "Gli Stati Uniti in Italia: il Piano Marshall e il Patto Atlantico" [The U.S. in

the Marshall Funds for their own interests. It is worth observing how recent studies have accounted for a changing U.S. attitude towards Italy during the 1950s. According to Mario Del Pero, the U.S. policy in Italy in this decade became quite different from what it had been during the reconstruction years, shifting from economic assistance to what he calls psychological war, or the attempt to deeply influence Italy's home affairs through a cultural war aimed at segregating the labor movement from the most moderate and conservative Italians.¹³ It was a matter of a policy which clearly followed the CDs strategy at home: if U.S economic assistance had not been successful in influencing the CDs' economic policy, psychological war seemed the way. The United States followed the CD Party model of protected democracy experimented with in 1952-53 to cope with a declining political consensus through a further marginalization of the labor movement, which should also lead to tight industrial relations and to changes in the electoral system.

The debate on the Italian economic development between the end of World War II and the early 1970s has long been a matter of reflection and speculation for economists and political scientists. As the postwar boom declined at the turn of the 1960s, social scientists focused their attention on economic growth, widely known as the Italian economic miracle. Even though most social sciences concerned with economic issues addressed this point, contemporary historians did not pay any attention to it. As a matter of fact, reflections on, and interpretations of, Italian fascism on the one hand, and the history of the Italian Liberation Movement on the other, had a firm hold on historical debate on Modern Italy. These two aspects of Modern Italy reflected a country still divided on the historical judgment on Italian fascism: leftist scholars stressed the importance of Italian Liberation Movement as a watershed in contemporary Italian history;¹⁴ some conservative-minded historians stressed the differences between fascist Italy and Nazi Germany and the very limited breadth of, and participation in, the Italian Liberation

Italy: The Marshall Plan and the Atlantic Pact] in *Storia dell'Italia repubblicana*, vol. 1: *La costruzione della democrazia* [History of the Italian Republic, vol. 1: The Build up of Democracy], ed. Francesco Barbagallo et al., (Turin, 1994).

¹³ Mario Del Pero, *L'alleato scomodo: Gli Stati Uniti e la DC negli anni del centrismo* [The Difficult Ally: The United States and Christian Democrat Party during the Years of Centrism] (Rome 2001). Mario Del Pero, "Gli Stati Uniti e la guerra psicologica in Italia, 1948-56" [The United States and Psychological Warfare in Italy, 1948-56], *Studi Storici* 39 (Autumn 1998): 953-88 ; see, in English, Mario Del Pero, "The United States and 'Psychological Warfare' in Italy, 1948-1955," *The Journal of American History* 87 (March 2001): 1304-1335.

¹⁴ See for example Roberto Battaglia, *Storia della Resistenza italiana* [History of the Italian Liberation Movement] (Turin, 1964). Guido Quazza, *Resistenza e storia d'Italia* [Resistance and History of Italy] (Milan, 1976).

Movement.¹⁵ Since the mid-1970s, owing mainly to a new generation of “leftish” scholars widely known as New Left historians, historical research has been working on the transitory period between the fall of Italian fascism and the birth of the Republic.¹⁶ This tendency to look way beyond Italian fascism to investigate the origins and nature of Italian republic led historians to frame Italy within the ongoing sovra-national integration typical of postwar reconstruction. This attention paid to the international context allowed a younger generation of historians (since the early 1980s) to work closely with the historians of postwar international relations. This new strand of historical exploration, spanning from the setting of economic and industrial policy¹⁷ to the macroeconomic impact of Marshall Plan on the Italian reconstruction,¹⁸ from the role played by the United States in postwar Italian politics,¹⁹ to the origins of the European economic community,²⁰ interweaves domestic history with Italy’s

¹⁵ Renzo De Felice has been at the forefront of this school of thought; for a summary of his views see R. De Felice, *Le interpretazioni del fascismo* [*The Interpretations of Fascism*] (Rome, 1977).

¹⁶ Massimo Legnani, *L’Italia dal 1943 al 1948: Lotte politiche e sociali* [Italy since 1943 through 1948: Political and Social Struggles] (Turin, 1973). Guido Quazza et al., *L’Italia dalla liberazione alla Repubblica: Atti del convegno internazionale organizzato a Firenze il 26-28 marzo 1976 con il concorso della Regione Toscana* [Italy since Liberation to Republic: Proceedings of the International Conference Promoted by the Tuscany Region, Florence, 26-28 March 1976] (Milan, 1977); Gianfranco Bertolo et al., *Operai e contadini nella crisi italiana del 1943-44* [Peasants and Workers in the Italian Crisis of 1943 and 1944] (Milan, 1974); Enzo Piscitelli, *Da Parri a De Gasperi: Storia del dopoguerra* [From Parri to De Gasperi: History of Post war Italy] (Milan, 1975); Enzo Piscitelli et al., *Italia 1945-48: le origini della Repubblica* [Italy 1945-48: the Origins of Republic] (Turin, 1974).

¹⁷ Mariuccia Salvati, *Stato e industria nella ricostruzione: Alle origini del potere democristiano, 1944-49* [State and Industry during the Reconstruction Years: At the Origins of Christian Democrat Power] (Milan, 1981).

¹⁸ Vera Zamagni, “Betting on the Future: The Reconstruction of Italian Industry, 1946-52,” in *Power in Europe? Great Britain, France, Italy and Germany in 1945-50*, ed. Josef Becker and Franz Knipping (New York, 1986). Pier Paolo D’Attorre, “ERP Aid and the Politics of Productivity in Italy during the 1950s,” European University Institute Project Paper no. 85/159, European University Institute (Florence, 1985); Pier Paolo D’Attorre, “Politica, economia, relazioni internazionali nella ricostruzione italiana” [Politics, Economy and International Relations in the Italian Reconstruction], *Passato e Presente* [Past and Present] 7 (Jan.-April 1985): 31-63.

¹⁹ Romero, “Gli Stati Uniti in Italia” [The United States in Italy].

²⁰ See for example Antonio Varsori, *Il Patto di Bruxelles (1948): tra integrazione europea e alleanza atlantica* [The Brussels Pact (1948): Between European Integration and the Atlantic Pact] (Rome, 1988).

international relations in recent studies such as Spagnolo's and others'.²¹ Contemporary historians have been investigating this period for a long while because it encompasses a wide range of problems and issues from economic formation to political development; and the debate is nowhere near finished. Nonetheless, it is because of this debate that the reconstruction years have been extensively researched. Some attempts have also been made to look beyond the late 1940s. Over the last 10-12 years, summaries, overviews, and interpretations have been published on the previous 50-year period.²² This has led historians to debate somewhat different aspects of Italy's recent history. What has been lacking is a move from overviews of contemporary Italy to more in-depth research specifically focused on the critical pre-boom period. If it is still nearly "impossible" to do research on the 1970s and 1980s, the first decades of the Italian Republic, although receiving more coverage, get far from equal attention.²³ In fact, although in recent years historians have been occupied by political and economic development in the early 1960s, the 1950s are still mostly unexplored.²⁴ Most scholars confine themselves to investigating the history of this decade as one of centrism, that after the 1948 elections there was a CD-centered chapter in Modern Italy that

²¹ Stefano Battilossi, *Il Management dell'integrazione: Finanza, industria e grande impresa* [The Management of Supra national Integration: Finance, Industry and Big Business] (Milan, 1996).

²² The most often quoted are: Paul Ginsborg, *A History of Contemporary Italy: Society and Politics 1943-88* (London, 1990); Silvio Lanaro, *Storia dell'Italia repubblicana: Dalla fine della guerra agli anni novanta* [A History of the Italian Republic: Since the end of WWII to the 1990s] (Venice, 1992); Aurelio Lepre, *Storia della prima repubblica: L'Italia dal 1943 al 1992* [History of the First Republic: Italy since 1943 through 1992] (Bologna, 1993); Pietro Scoppola, *La repubblica dei partiti: Profilo storico della democrazia in Italia (1945-1990)* [The Political Parties' Republic: An Historical Account of Democracy in Italy, 1945-1990] (Bologna, 1991); Enzo Santarelli, *Storia critica della repubblica: l'Italia dal 1945 al 1994* [A Critical History of Republic: Italy since 1945 through 1994] (Milan, 1996).

²³ With respect to the 1980s, Paul Ginsborg's *L'Italia del tempo presente* [Italy Today] (Turin, 1998) is now available. For the 1970s, a very limited number of titles are available; the most recent publication on this decade is Luca Baldissara, ed., *Le radici della crisi: L'Italia tra gli anni Sessanta e Settanta* [The Roots of Today's Crisis: Italy between the 1960s and the 1970s] (Rome, 2001).

²⁴ Umberto Gentiloni Silveri, *L'Italia e la nuova frontiera: Stati Uniti e centro-sinistra, 1958-65* [Italy and the New Frontier: The United States and the Center-Left, 1958-65] (Bologna, 1998). Leopoldo Nuti, *Gli Stati Uniti e l'apertura a sinistra: Importanza e limiti della presenza americana in Italia* [The United States and the Opening to the Left: Importance and Limits of the American Presence in Italy] (Rome, 1999). Yannis Voulgaris, *L'Italia del centrosinistra, 1960-68* [Italy at the Time of Center-Left, 1960-68] (Rome, 1998).

ended in 1953-54 when the CD leader Alcide De Gasperi died.²⁵ Apart from some works that go beyond the early 1950s in search of a changing U.S.-Italian relationship,²⁶ the setting of Italian culture and the rise of consumerism in the 1950s,²⁷ and the main themes underpinning the CDs' opening to the left,²⁸ thus far the economic policies of the time have not been investigated.

I have focused on the two main historiographical debates (international history and home affairs) because recent research demonstrates how it is essential to survey the fate and success of a western European nation-state through a narrow focus on its home affairs as framed within the international context. Spagnolo, for example, gives an account of Italian economic policy at home through an analysis of Marshall Aid impacts on Italian elites. It is my conviction that it is not possible to write about the rescue and future of any Western European nation-state during the following decade without taking into account the international and the economic setting of any national elite. Nonetheless, my view is that with respect to the 1950s it is possible to survey the process and extent of nation-building in western Europe through a two stage process. The first step is a case study of state intervention into the economy through political elites' struggle to rescue the nation-state or, where it had been destroyed, as in Italy, to build a new one. The aim is to test the extent to which politicians viewed the making of a mixed economy as a tool to achieve political consensus. The second step is research addressing to what extent, if any, external factors such as a country's international relations as part of a supranational community influenced

²⁵ Such an approach characterizes, for example, Mario Rossi's essay on *Una democrazia a rischio: Politica e conflitto sociale negli anni della guerra fredda* [A Democracy at Risk: Politics and Social Conflict during the Cold War Years], in Francesco Barbagallo et al., *Storia dell'Italia repubblicana*, vol. 1: *La costruzione della democrazia* [History of the Italian Republic, vol. 1: The Build-up of Democracy] (Turin, 1994): 978-79.

²⁶ Alessandro Brogi, *L'Italia e l'egemonia americana nel Mediterraneo* [Italy and the American Hegemony in the Mediterrean] (Florence, 1996).

²⁷ Stephen Gundle, "L'americanizzazione del quotidiano. Televisione e consumismo nell'Italia degli anni Cinquanta" [The Americanization of Daily Life: Television and Consumerism 561-94; Stephen in Italy during the 1950s], *Quaderni Storici* [Historical Journal] 62 (1986): Gundle, *Between Hollywood and Moscow: the Italian Communists and the Challenge of Mass Culture* (Durham, N.C., 2000). Maria Liguori, "Donne e consumi nell'Italia degli anni Cinquanta" [Women and Consumption in Italy in the 1950s] *Italia contemporanea* [Contemporary Italy] 205 (Dec. 1996): 665-89; Paolo Capuzzo, ed., *Genere generazione e consumo: L'Italia degli anni sessanta* [Gender, Generation, and Consumption] (Rome, 2003).

²⁸ Pietro Di Loreto, *La difficile transizione: Dalla fine del centrismo alle origini del centro-sinistra, 1953-1960* [The Difficult Transition Time: Since the End of Centrism through the Origins of Center-Left, 1953-1960] (Bologna, 1993).

and shaped the achievement of policy consensus. I confine my work to the first step through an in-depth analysis of the 1950s Italian State intervention into the economy with particular reference to the establishment of the Ministry for State Shareholding.

If we approach the decade of the 1950s in terms of state-market relationships and of the evolving agreement between politics and the economy, we find some research on the early 1950s that expands past work on the impact of the Marshall Plan and the reconstruction at large on the economy and the state. Nevertheless, there is still a sort of “black hole” in this decade, which is all the more important for two reasons: first, it was during the 1950s that the foundations were laid for the economic miracle; second, from 1953 on there was a far-reaching transformation of state-market relationships leading to a wider economic role for the state. The first point is relevant to understanding the extent to which a stronger and wider entrepreneurial state influenced the Western European economic miracles; the second concerns continuities and watersheds in contemporary Italian history. In particular, as state intervention into the economy continued beyond the 1950s with center-left governments, the nature and meaning of public economics to the 1950s elites provides a good test of the 1950s-1960s relationships with respect to the history of the ruling classes in Italy. This last point has received less research attention than any other aspect of 1950s Italian history. As a matter of fact, while the economic history of this time has been studied in sub-disciplines like business history, and more recently, financial history, the political history of this decade has nearly always been framed within the broader context of the Cold war.²⁹

Supranational Integration and Home Market: State-Market Relationships between the 1940s and the 1950s

The history of state-market relationships throughout the 1950s is still debated. Its nature and development is linked to the interpretation of the reconstruction period: thus, before accounting for the building of the entrepreneur state during this decade, we must first refer to the economic policy set up over the reconstruction years and the main economic history themes of Italy in the late 1940s.

The Postwar Entrepreneur State in Historical Perspective. Economic and business historians of contemporary Italy give different interpretations of the widening of the Italian State’s economic activities during the 1950s. All schools of thought regard this decade as a turning point for the history of the entrepreneur state in Italy. What they do not agree on is what chapter it represents: some regard it as the second chapter in state-market

²⁹ See for example the articles in Christopher Duggan and Christopher Wagstaff, eds., *Italy in the Cold War: Politics, Culture and Society, 1948-58* (Washington, D.C., 1995).

relationships history; others interpret it as the passage from the second to the third and decisive chapter in this history. A first strand of interpretations looks at the history of public economy as the history of State-owned enterprises. In this view, the history of State intervention into the economy began only in the early 1930s when, as a result of the effect of the world economic crisis on the Italian economy, the bank-industry relationship reached a crisis point. Until then, the bank system had intervened into the economy in two ways: first, banks financed enterprises on a short-term basis as in every economy; second, they had financed the industrial system on a long-term basis. That is to say, they had acquired shares in private industries and companies so as to participate in a firm's ownership and directly influence its industrial and investment policies. With the economic crisis in the late 1920s, this system deeply affected both the bank and industrial systems. In order to come out of this economic downturn, fascist Italy decided to create a State-owned financial holding to rescue both the banks' owned industries and the funding of the banks themselves. The establishment of IRI (*Istituto per la ricostruzione industriale*) in 1933 marked the rise of the so-called state shareholding formula. The state did not further intervene directly into the economy through the ownership of industries and economic activities, it became a shareholder just like any other private investor. As such, IRI was established to cluster together all the state shareholdings acquired in the early 1930s to save the Italian economy from the slump.³⁰

IRI was soon followed by a law prohibiting banks from giving long-term loans to industries and from buying shares in private companies. According to business historians, this was the turning point in the history of state-market relationships in Italy, the beginning of state intervention into the economy; what happened both before and after would not matter. An outstanding business historian, Franco Amatori, recently stressed how the state struggle to intervene in the economy in the early twentieth century through state companies such as the national railways or INA (the National Insurance Institute, a state life insurance monopoly created in 1912) would be only a forward to the state intervention into the economy. He argues that the state struggle to extend its sphere of influence throughout the 1950s represents an expansion of what began in the early 1930s: "the formation of a real shareholding system in the period from immediately after World War II to the early 1960s, which offered great

³⁰ Ministero dell'Industria e del Commercio, *L'Istituto per la ricostruzione industriale: IRI, III. Origini, ordinamenti e attività svolte (Rapporto Saraceno)* [The Institute for the Industrial Reconstruction: IRI, III. Origins, Laws and activities accomplished thus far (Saraceno Report)] (Turin, 1956), in Historical Archive of the London School of Economics (hereafter HALSE), Government Publications section, file Italy, no. 45 (288).

successes in the oil and steel sectors.”³¹ This kind of interpretation is misleading in at least in three ways: above all, as a business history minded approach, it considers only the state economic activities as the state intervention into the economy.

Others, including Paul Ginsborg,³² have stressed that the history of Italian state intervention into the economy throughout the twentieth century also included social services agencies such as the National Institute for Social Security (INPS), which played an important role in the state-market relationship and the labor market both during fascism and in the Italian Republic.³³ A second problem posed by this kind of interpretation is that it does not give as much credit as is due to the beginning of state economic intervention in the early twentieth century. A third problem, probably the most relevant here, is that Amatori treats the postwar years as a block without contrasting the immediate postwar years with the 1950s.

Business historians’ approach to public enterprise within state economic activities tends to distinguish only between what was directly owned by the state, and what was shared by the Italian state with private investors through Institutes as IRI or the Treasury.³⁴ In contrast, Italian social service agencies played an important role in linking the state with its citizens. In addition to the INPS, there were two other social service

³¹ Franco Amatori, “Beyond State and Market: Italy’s Futile Search for a Third Way,” in *The Rise and Fall of State-Owned Enterprise in the Western World*, ed. Pier Angelo Toninelli (New York, 2000), 129; for such an interpretation see also Marco Doria, “Gli imprenditori tra vincoli strutturali e nuove opportunità” [The Entrepreneurs between Structural Constraints and New Opportunities], in *Storia d’Italia: Annali. No. 16: l’Industria* [History of Italy: Annals. No. 16: the Industry] (Turin, 1999), 669; Franco Amatori, “La grande impresa” [The Big Business], in *Storia d’Italia, Annali: N. 16: l’Industria* [History of Italy: Annals. No. 16: the Industry], 695; Valerio Castronovo, *Storia economica d’Italia: Dall’Ottocento ai giorni nostri* [An Economic History of Italy: From the Nineteenth Century to the Very Last Years] (Turin, 1995), 581-582.

³² Paul Ginsborg, *A History of Contemporary Italy*, 151-153.

³³ On INPS see Chiara Giorgi, “L’INPS negli anni Settanta” [INPS in the 1970s], in *Partiti e organizzazioni di massa* [Parties and the Big-Sized Organizations], ed. Francesco Malgari and Leonardo Paggi (Catanzaro, 2003). Chiara Giorgi, “Le Assicurazioni sociali e il dibattito italiano e internazionale sullo Stato sociale (1933-1943)” [The Social Insurances, the Italian and the International Debate on the Welfare State, 1933-43], *Storia e futuro: Rivista di storia e storiografia* [History and Future: Review of History and Historiography] 2 Feb. 2003 (www.storiaefuturo.com/arretrati/2003/02/01/003/0002.html).

³⁴ For this approach see Franco Amatori, “Beyond State and Market,” 128; Margherita Balconi, Luigi Orsenigo and Pier Angelo Toninelli, “Tra strategie politiche e mercati: il caso delle imprese pubbliche in Italia (acciaio e petrolio)” [Between Political Strategies and Markets: The Case of State-owned firms in Italy: Steel and Oil], in *Potere, mercati, gerarchie* [Power, Markets, Hierarchies] ed. Mauro Magatti (Bologna, 1995), 299-300.

agencies created under fascism: the National Health Insurance Institution (INAM) and the National Institute for Workers' compensation (INAIL).³⁵ Even if business historians distinguish between state-owned and state-shared enterprises, they do so with a focus on IRI and its so-called "state shareholding formula."³⁶ This is probably because state-owned companies are a common way for a western state to commit to economic activities, whereas the IRI formula was new compared to both the German and the U.S. models.³⁷ A second explanation for this historiographical tendency is the importance and role played by IRI itself in Italian capitalism throughout the twentieth century until its rejection in the late 1990s.³⁸ Both interpretations leave out early twentieth-century attempts to make the state an economic player. The meaning of this early stage is key to understanding the second explanation. This point of view, which has clearly emerged in recent literature,³⁹ is based more on earlier state economic activity than on the early twentieth-century creation of state-owned enterprises that were distinguished from the establishment of IRI in the early 1930s.

³⁵ For an overview of these and other social services agencies see Giovanni Gozzini, "Le politiche di Welfare per l'industria" [The Welfare Policies for the Industry], in *Storia d'Italia, Annali, 16: L'industria* [History of Italy, Annals: No. 16: the Industry], 1188-97.

³⁶ Stuart Holland, ed., *The State as Entrepreneur: The IRI State Shareholding Formula* (London, 1972).

³⁷ Concerning this point see the in-depth analysis by Fabrizio Barca, "Compromesso senza riforme nel capitalismo italiano" [Compromise Without Reforms in the Italian Capitalism], in *Storia del capitalismo italiano* [History of Italian Capitalism], ed. Fabrizio Barca (Rome, 1997), 10-11; nonetheless, it is worth saying that IRI's intervention in the Italian industrial system did not change the balance between the public and the private sector because IRI intervened in economic sectors and firms where private groups were weak. This can be counted as a further argument against an overestimation of the extent to which the founding of IRI brought about an overall transformation of the Italian industrial geography. See Luciano Segreto, "Italian Capitalism between the Private and Public Sectors, 1933-1993," *Business and Economic History* 27 (Winter 1998): 455-68.

³⁸ For a debate on IRI and its role in Italian capitalism one year after its dismissal see Patrizio Bianchi, "La chiusura dell'IRI: Considerazioni al margine di un evento storico" [The End of IRI: Remarks on an Historical Event], *L'Industria: Rivista di economia e politica industriale* [The Industry: Review of Economics and Industrial Policy] 22 (MONTH/SEASON? 2001): 225-254; Piero Gnudi, "Le privatizzazioni dell'IRI: eredità di una cultura d'impresa" [The IRI Privatizations: the Heritage of an Enterprise Culture], *L'Industria: Rivista di economia e politica industriale* [The Industry: Review of Economics and Industrial Policy] 2 (April-June 2001): 255-75.

³⁹ I refer to Barca, "Compromesso senza riforme nel capitalismo italiano" [Compromise without Reforms in the Italian Capitalism].

At the very beginning of the twentieth century, the Italian state laid down the foundations of a related state economic commitment. First, in 1905, it created the national railways, the most important among a cluster of public administration companies “that managed directly, in the name of the competent ministry, specific production or service activities that belong to primary state tasks.”⁴⁰ State-owned companies also included the mail service and other important nationwide services and economic activities. In 1912, it created the National Insurance Institute (INA), charged with state life insurance. According to some historians of Italian capitalism, the creation of INA marked the first chapter in the history of the Italian government’s intervention whose meaning and nature did not have anything to do with the 1930s and IRI.⁴¹ From the 1910s to the establishment of IRI in 1933 a wide range of public institutions were created in addition to INA. The *Consorzio per Sovvenzioni su valori industriali* (1914), the *Opera Nazionale Combattenti* (1917), *Crediop* (1919), *Icipu* (1924), and the *Istituto di Credito Navale* (1928) all shared a common feature: they represented the state struggle to fund Italian industrial.⁴² This state financial commitment to the economy was quite different from the IRI formula: through IRI, the Italian state took an active role in industrial production, whereas the aforementioned institutions embodied the state struggle to fund private enterprises. These institutions provided the Italian economy with funds and grants in basic development sectors: it provided Italy, a country without a source of coal or steel, with good electricity production. This public support also boosted telecommunications and infrastructures. Mostly it was a matter of mid- and long-term investment long before the fascist seizure of power.⁴³ As a matter of fact, a wide range of statesmen from early twentieth century Italy served as the founders of this strategy. Donato Menichella, Meuccio Ruini, Bonaldo Stringher, Carlo Petrocchi, and foremost, Francesco Saverio Nitti and Alberto Beneduce, were all aware that the Italian economy needed a

⁴⁰ Patrizio Bianchi, “Impresa pubblica” [The State-owned Enterprises], in *Enciclopedia delle scienze sociali* [Encyclopedia of Social Sciences] vol. 4 (1994), p. 591.

⁴¹ The most up-to-date account on the creation of INA is Andrea Moroni’s “La società di assicurazioni La Fondiaria e la nascita dell’INA” [The Insurance Company La Fondiaria and the Birth of INA], *Studi Storici* [Historical Studies] 42 (Jan. 2001): 25-58.

⁴² Thus far, most of these concerns have not been studied. Pier Francesco Asso, *Storia del Crediop: tra credito speciale e finanza pubblica 1920-60* [History of Crediop: Between Extraordinary Credit and Public Finance, 1920-60] (Rome, 1994).

⁴³ For an in-depth analysis of these state-funded medium and long term industrial investments see the essays in Pietro Armani, ed., *Alberto Beneduce e i problemi dell’economia italiana del suo tempo* [Alberto Beneduce and the Problems of the Italian Economy at the Time] (Rome, 1985).

boost.⁴⁴ On the one hand, it was time to let the Italian economy take off, on the other, it was necessary to stimulate Italian savers to invest their own money. Because of savers' distrust of the financial system, government's intervention through a financial role could make savers trust the financial system and, as such, once again establish the conditions to fund industrial investments. This strategy should be achieved by newly established, public, and autonomous concerns.

This interpretation by outstanding historians⁴⁵ of the 1910s and 1920s as a separate and autonomous period of time in the making of a mixed economy in Italy, views the creation of IMI in 1931 and IRI in 1933 as the last step of state financial intervention into the economy. It represents the start of a new chapter in history where the Italian state tried to intervene into the economy by buying shares in private companies. From this point on, IRI allowed the state to take part in industrial capitalism without direct intervention.⁴⁶ If there is continuity between

⁴⁴ Most of these people are sketched in Alberto Mortara, ed., *Protagonisti dell'intervento pubblico in Italia* [Key men of the Italian State Intervention in the Economy] (Milan, 1984).

⁴⁵ Franco Bonelli, "Alberto Beneduce, il credito industriale e l'origine dell'IRI" [Alberto Beneduce, the Credit to the Industrial System and the Origins of IRI], in *Alberto Beneduce e i problemi dell'economia italiana del suo tempo* [Alberto Beneduce and the Problems of the Italian Economy at the Time], ed. Pietro Armani (Rome, 1985); "Il capitalismo italiano. Linee generali d'interpretazione" [The Italian Capitalism: An Overall Interpretation], in *Storia d'Italia, Annali*: vol. 1: *Dal Feudalesimo al capitalismo* [History of Italy: Annali, vol 1.: Since Feudalism through Capitalism], ed. Franco Bonelli et al., (Turin, 1978): 1193-1255. Sabino Cassese, "Gli aspetti unitari degli statuti degli enti di Beneduce" [The Principles Shared by All the State Concerns Founded by Beneduce], in *Alberto Beneduce e i problemi dell'economia italiana del suo tempo* [Alberto Beneduce and the Problems of the Italian Economy at the Time] ed. Pietro Armani (Rome, 1985); Mariuccia Salvati "Amministrazione pubblica e partiti di fronte alla politica industriale" [Public Administration and Political Parties in the Face of the Industria Policy], in *Storia dell'Italia repubblicana*, vol. 1: *La costruzione della democrazia* [History of the Italian Republic, vol. 1: The Build-up of Democracy], ed. Francesco Barbagallo et al., (Turin 1994), 413-534. Carlo Spagnolo, "Tecnica e politica in Italia tra anni Trenta e anni Quaranta: Note sul caso di Donato Menichella" [Technique and Politics in Italy between the 1930s and the 1940s: Remarks on the Case of Donato Menichella], in *Scritti in onore di Alberto Mortara* [Writings in Honor of Alberto Mortara], ed. Giuseppe Boggetti, Gilberto Muraro, and Massimo Pinchera (Milan, 1990).

⁴⁶ Barca, "Compromesso senza riforme nel capitalismo italiano," 10; thus far there is no a complete study of the origin and development of IRI: a preliminary account is Bonelli's "Alberto Beneduce, il credito industriale e l'origine dell'IRI," concerning the creation of IMI, see Giorgio Lombardo, ed., *L'Istituto Mobiliare italiano IMI: Modello istituzionale e indirizzi operativi nel primo quadriennio (1931-1936)* [The Istituto Mobiliare Italiano IMI: Institutional Polity and Policies in the First Four Years, 1931-1936] (Bologna, 1998).

these two different chapters in Italy's state-market relations it is the attention paid by the Italian state to the financial side of its economic activities. As Segreto stressed, since the 1930s IRI was a threat and limitation to private groups, not so much with regard to manufacturing activities, as much as to the Italian credit system and its equilibrium. In fact, the establishment of IRI brought most of the Italian banking system under the control of the Treasury.⁴⁷

With regard to the third problem, Amatori's view is that the creation of IRI and the subsequent rise of a broad shareholding system from 1945 throughout the 1950s "offered great successes in the oil and steel sectors, as shown by the creation of ENI (National Hydrocarbon Concern) in 1953 and the Ministry of State Shareholdings in 1956."⁴⁸ I would like to focus on this point.⁴⁹ This interpretation is misleading in two ways. First, it does not pay any attention to the nature and meaning of the state intervention into the economy and to what extent, if any, it changed from the reconstruction years to the 1950s, which were a watershed period. Second, it is not sensitive enough to the importance and relevance of the Italian political system, especially the CD Party, in the making of the entrepreneur state throughout the 1950s. From the 1940s to the 1950s the state changed the way it intervened into the economy: in the late 1940s the government's intervention was based on support for productive investments aimed at rescuing the Italian economy from the

⁴⁷ Segreto, "Italian Capitalism between the Private and Public Sectors." All these features and limits of IRI's experience within the broader frame of Italy's capitalism were not grasped at all by the U.S. authorities in the early 1950s. IRI's role in Italy was seen as an all-encompassing and dominating one: "Actually, IRI is allowed to operate as a virtually autonomous organization and to run important segments of Italy's banking and industry. Also not to be overlooked is the fact that, while IRI packs its weight in big key industries of the nation, its tentacles of influence reach into nearly all phases of Italian industry. This it does through majority share holdings, or else through the control of various and important banking operations in the country." "The birth, development and role of IRI as one mirror of Contemporary Italian economic strengths, shortcomings and needs," in National Archives and Records Administration, Archive II, College Park, Maryland (hereafter NARA), RG 469, Mission to Italy, Office of the Director, Subject Files (Central Files) 1948-1957, b. 20, fold. 5 (Cooperatives IRI). See also Department of State, Intelligence Report No. 6683, 15 Sept. 1954, "The Italian Institute for Industrial Reorganization IRI," in NARA, RG469, Office of the Deputy Director for Operations (1953-1961), Office of European Operations (1953-1955), Italy Division, Decimal File 1948-1954, b. 7, fold. Italy 5.3 (Government Regulations and Participation in Business/Cartels), 13.

⁴⁸ Amatori, "Beyond State and Market," 129.

⁴⁹ Carlo Spagnolo deals extensively with this in his *Tecnica e politica in Italia: Riflessioni sulla storia dello Stato imprenditore dagli anni trenta agli anni cinquanta* [Techniques and Politics in Italy: Reflections on the History of State Entrepreneur since the 1930s through the 1950s] (Milan, 1992).

war effort and modernizing it, whereas during the following decade it was mainly based on industrial investments targeting the unemployment problem through an expansionist industrial policy. As we will see, the “ups and downs” of the CD Party from the late 1940s to the mid-1950s are essential to understanding this shift. Nonetheless, there are some very interesting continuities between these two periods up to the mid-1950s that are worth watching.

Monetarism, Government's Intervention and the Making of an Industrial Policy for the Middle Classes. After World War II, the Italian economy looked like it was in deep economic distress: even though only 10 per cent of the total industrial plants were damaged during the war, the infrastructures and communications were in worse condition; at the same time inflation was skyrocketing and the population standard of living was very low. After the 2 years from 1945 to 1947, when a coalition government made up of all the democratic parties governed Italy, everything changed. In 1947, after the communist coup d'Etat in Czechoslovakia, the announcement of the Truman Doctrine in March, and the launching of the Marshall Plan to Europe on June 5th, the Italian CD Party, led by Alcide De Gasperi, broke its alliance with the leftist parties, the Italian Socialist Party (PSI), and—above all—the Italian Communist Party (PCI). It was an historical event because it ended the alliance between the Communists and Catholics and opened an era dominated by the Christian Democracy, its culture, and interests. Strengthened by electoral success in 1948, this CD domination caught Italy up in the Cold war climate in world politics at the time. The CD domination of Italian society would have been even stronger during the following 5 years, from 1948 through 1953, whereas afterward something changed in Italian society. After 1953 and the death of Alcide De Gasperi it began a long route leading to the center left governments in the early 1960s. Even on economic grounds, the postwar years looked like a time of conservatism. Market-oriented economists were appointed to key positions to shape and rule economic and industrial policies: two monetarist politicians, Epicarmo Corbino and Gustavo del Vecchio, directed the Treasury during 1945-46 and 1947-48, respectively, while Luigi Einaudi, the leader of Italian monetarism, first directed the Central Bank of Italy and then, in 1947, the Ministry for the State Balance.

Furthermore, after the dismissal of the leftists from the government in May 1947, the economic policy guidelines were soon clear: a tight monetary policy coupled with few industrial investments made it possible to fight inflation to comply with the Bretton Woods agreements. There are different explanations for this economic policy: the importance of catching up with Bretton Woods and of letting the country move into the new international climate; the influential opinion of a group of market-oriented economists; the idea that monetarism was prevailing within the CD establishment as the best way to manage and rescue the Italian economy

at the time;⁵⁰ and last but not least, the ability of the industrial elites to fill the power vacuum that Italy faced after the fall of fascism and the Liberation war.⁵¹ Such an economic policy could influence U.S.-Italian relationships; indeed, it could weaken the U.S. influence on Italian reconstruction and the country's future at large. As a matter of fact, the United States strongly supported a reconstruction based on an employment-creating industrial policy aimed at lowering social unrest and enhancing social cohesion to fight Communism in Italy.⁵² According to the American authorities this should come about through the use of those funds granted through the European Recovery Program (ERP) in two steps: at an early stage, in 1948-49, the Marshall Plan officers insisted on committing resources to launch a large public works program,⁵³ whereas later they wished to provide small Italian business firms with machinery and equipment badly needed from the dollar area.⁵⁴ This U.S. position came about as a result of two tendencies at issue in Washington. One was helping the Italian reconstruction in order to make Italy part of international free trade and of the U.S. economic sphere of influence; the other the U.S. concern for a country in economic distress and, as such, in danger of falling under the spell of turmoil and communism.⁵⁵

⁵⁰ Rolf Petri, "Dalla ricostruzione al miracolo economico" [Since the Reconstruction to the Economic Miracle], in *Storia d'Italia*.vol. 5: *La Repubblica* [History of Italy. No. 5: the Republic], ed. Giovanni Sabbatucci, Vittorio Vidotto (Rome, 1997), 320.

⁵¹ Up to this point see Valerio Castronovo, "La storia economica" [The Economic History], in *Storia d'Italia* [History of Italy].Vol. 4 , part 1 , ed. Franco Bonelli et al. (Turin, 1975), 354.

⁵² Dayton to Department of State, 20 Feb. 1952, in NARA, RG469, Mission to Italy, Office of the Director, Subject Files (Central Files) 1948-1957 (1948-1954), b. 31, fold. 2 (Counterpart 1952). Department of State, Office of Intelligence Research, Intelligence Report No. 5650.7 ("International Communism: Developments outside of the European Soviet Orbit"), 15 Feb. 1952, in NARA, RG59, Lot File 86D232, Entry (A1) 5512, b. 1; J. S. Lay, "The Position of the US with respect to Communism," in "NSC67, Transmittal Note to the National Security Council," 12 April 1950, in Declassified Documents and Reference System, Farmington Hills, Mich. 2004.

⁵³ W. B. Paxon to A. M. Kamarck, "Status of the Lira Fund Program as of 30 April 1950," in NARA, RG59, Central Files 1950-54, 865.062/I-853, b. 530.

⁵⁴ "Italian Monopolies and Industrial Productivity," 17 Nov. 1951, in NARA, RG469, Mission to Italy, Office of the Director, Subject File (Central Files), 1948-57, b. 3, fold. 1 (Industry Productivity). V. Barnett (Chief Economic Affairs, American Embassy Rome) to Department of State, 25 Aug. 1952, in NARA, RG469, Office of the Deputy Director for Operations (1953-1961), Office of European Operations (1953-1955), Italy Division, Decimal File 1948-1954, b. 7, fold. Italy 5.3 (Government Regulations and Participation in Business/Cartels), 13.

⁵⁵ The debates and opinions among Washington authorities on what economic policy Italy needed up to the turn of the decade are extensively dealt with by

Therefore, the tight monetary policy of the late 1940s can be regarded as a tool used by CDs to avoid risking an overshadowing U.S. influence on the industrial reconstruction and above all on Italy's future industrial development: it is obvious that a U.S.-funded industrial expansion would have made Italy's development dependent on the United States.

What the CDs and their market-oriented economists did has been often regarded by Keynesian economists as the reason that industrial growth and home demand were so slow in the following years: according to Marcello De Cecco⁵⁶ this deflationary policy had such deep effects on the economic reconstruction that there should have been a large economic boom to cope with it, whereas Valerio Castronovo talks about a "lost occasion":

...the consequences of the unexpected credit rationing squeeze, more quantitative than selective, and of demand's overall falldown, were quite sharp with regard to both the economic and the social sphere. The investments' reduction was followed by a downturn of industrial production, doomed to a slow upturn only during 1949. All that not only delayed the reconstruction process, even as a fair amount of industrial reserves which had not been exploited could allow an aggregate demand creating expansionist policy rather than a global demand reduction, but it also had important and negative reflections on the growth of national income and employment.⁵⁷

Indeed, someone else considered postwar industrial policy as too dominated by the state intervention into the economy: Luigi Sturzo, the founding father of DC in the early 1920s, was at the forefront of this interpretation.⁵⁸

Along with these two extreme interpretations, of which the former has been the most widely accepted by historians, economists, and sociologists, recently a bit less extreme interpretation has thrown a new light on this contested period. This new interpretation is worth watching

Federico Romero, "Gli Stati Uniti in Italia: il Piano Marshall e il Patto Atlantico" [The United States in Italy: The Marshall Plan and the Atlantic Pact], 237-238 and following pages; Mario Del Pero, *L'alleato scomodo: Gli Stati Uniti e la DC negli anni del centrismo* [The Uncomfortable Ally: The United States and the Christian Democrats in the Years of Centrism] (Rome, 2001).

⁵⁶ Marcello De Cecco, "Economic policy in the Reconstruction Period," in *The Rebirth of Italy 1943-50*, ed. Stuart Woolf (London, 1974). Some comments on the Keynesians view are in Petri, "Dalla Ricostruzione al miracolo economico" [Since the Reconstruction to the Economic Miracle], 323.

⁵⁷ Castronovo, "La storia economica" [The Economic History], 380.

⁵⁸ Luigi Sturzo, *Politica di questi anni: consensi e critiche, dal gennaio '50 al giugno 1951* [Today's Politics: Consensus and Discontents from Jan. 1950 to June 1951] (Bologna 1957), in Florence National Library, file Luigi Sturzo, minute no. 08.853/2.

to grasp what kind of continuities link the 1940s industrial policy to the state intervention into the economy the following decade. According to Spagnolo and other scholars, rather than a mere monetary policy targeting inflation at the expense of the home market and the employment issue, in postwar Italy there was a less ideological economic policy that historians place midway between Keynesianism and monetarism. Spagnolo reminds us how the CD Minister of the Treasury, Giuseppe Pella, usually regarded as among those politicians struggling for monetarism, was indeed less market-oriented and more concerned with the social costs of Italy's supranational economic integration within the broader context of Bretton Woods.⁵⁹ Speaking in March 1948 at the University of Siena, he supported a policy of productive investments aimed at rescuing the Italian industry through an overall modernization of the economy that would have made its goods more competitive. In order to achieve this goal without giving up monetarism, causing inflation, and making the balance of payments unfavorable, he thought it was necessary to use the Marshall Aid funds and additional funds raised through tax policy. This policy would nicely fit a wide range of problems gripping the CDs at the time. It could let Italy set the conditions for economic rescue without menacing the country's capability to comply with the Bretton Woods agreements. It was a firm and secure way to rescue the Italian economy without devaluing the Italian currency and letting inflation take off. Furthermore, it was a way to rebuild the Italian industry through an industrial policy quite different from that suggested by the United States; as such, it was a way to rise out of economic distress without depending on the United States at all. Most important of all, it was a policy that combined competitiveness and standard of living, industrial profits, and labor's purchasing power. In other words, an overall modernization of the Italian economy was not only a tool to recover the Italian industry and set the conditions for its competitiveness in the future, but was also a way to raise wages: a safeguard of the existing home demand which stood as the pillar of a precise consensus policy aimed at targeting the middle classes and some sectors of the employed working class. Such a policy was not concerned with a structural plan to target unemployment: in particular, the Bank of Italy and the Treasury were not for expanding home demand.⁶⁰

If we examine how the Italian economy was rescued, we find that the guidelines applied to both the public economy and private enterprises. It is widely accepted among historians of postwar Italy that the

⁵⁹ Carlo Spagnolo, "Il Piano Marshall e il centrismo: Il patto tra Stato e industria del 1948" [The Marshall Plan and Centrism: The 1948 Deal between State and Industry], *Italia contemporanea* [Contemporary Italy] 216 (Autumn 1999): 474-475.

⁶⁰ Federico Romero, "Gli Stati Uniti in Italia: il Piano Marshall e il Patto Atlantico" [The United States in Italy: the Marshall Plan and the Atlantic Pact], 262.

reconstruction was consistent with the past, in terms of industrial structure and geography. Since the early twentieth century, Italy was a latecomer that based its industrial development on a cluster of a few industries. Large and capital-intensive enterprises were mainly concentrated in northwestern Italy. From the car industry Fiat to the electrical company Edison, from the IRI-owned steel company Finsider to the chemical industries, nearly all of these large enterprises dominated their own industrial sectors. The industrial policy carried out by the Italian state from 1945 through the late 1940s made it possible to recover this dual industrial structure. The Marshall Aid grants were used to fund the reconstruction of plants and to purchase machinery for Fiat, Edison, and the thermoelectric companies. This use of the Marshall funds, which the American authorities bitterly criticized in a country study of Italy, allowed the main Italian industries to recover their own production without a huge increase in production costs.⁶¹ This policy provided these companies with competitiveness without contracting the working class' purchasing power.

If we move from private industries like Fiat and Edison to public ones like Finsider, we can better understand how a clear consensus strategy concerning the use of American aid underpinned this industrial policy. The Italian steel sector had long been dominated by industries making use of wasted material: both Finsider and the private steel industries had been producing partly finished products using wasted steel. Oscar Sinigaglia, a manager working for IRI since about its creation, in the early 1930s asked Mussolini to consider producing partly finished steel products through the use of steel minerals rather than wasted materials. Mussolini did not approve this plan, which would have made it possible to lower the costs of production, for a wide range of reasons. In 1948, Sinigaglia tried to convince the government that his plan could be the right tool to rescue Finsider and have its profits take off. Even if his "Plan to Recover and Rationalize the Industrial Plants of Finsider" was strongly opposed by the private steel industries, Sinigaglia won his challenge; the Plan was approved by the government in partnership with Fiat.⁶² Even if the approval of the Sinigaglia Plan led to the creation of new plants and jobs revealing an industrial state sensitive to the general interests of the country, it cannot be considered part of an expansionist policy.⁶³ On the

⁶¹ Carlo Spagnolo, "La polemica sul "Country Study," il fondo lire e la dimensione internazionale del Piano Marshall" [The Debate on the Country Study, the Lira Fund and the International Side of the Marshall Plan], *Studi storici* [Historical Studies] 37 (Jan. 1996): 93-144.

⁶² Finsider, *Sistemazione della siderurgia italiana* [Reorganization of the Italian Steel Sector] (Rome, 1948).

⁶³ For such an interpretation see Giovanni Bruno, "Le imprese industriali nel processo di sviluppo (1953-75)" [The Industrial Enterprises in the Economic Take Off, 1953-75], in *Storia dell'Italia repubblicana, 2: La trasformazione dell'Italia:*

contrary, the aim of rationalizing production and becoming competitive underpinning this productive reorganization of Finsider reveals an industrial policy whose main concern with profits and competitiveness rather than any benefit to the existing workforce. A clear demonstration that Sinigaglia's plan to rescue the postwar Italian steel industry was profit-making and competitiveness-oriented is provided by the fact that the Italian manager called for a large reduction in employment to cut production costs in state-owned steel plants otherwise uncompetitive due to technological backwardness, war damage, and other obstacles to productivity.⁶⁴ Much as was the case with Fiat, even this productive investment-oriented state support rested on the use of American grants: from 1945 to 1954 Finsider was given more than 70 million U.S. dollars.⁶⁵ The state-owned industrial branch tried to use most of these funds to import raw material, hard goods, and semi-manufactured products to build up new plants or modernize the old ones.⁶⁶

The Sinigaglia Plan to set the industrial recovery of Finsider took place within the broader context of an overall restructure of IRI after the

sviluppo e squilibri, vol. 1: *Politica, economia e società* [History of the Italian Republic: No. 2: the Transformations of Italy: Developments and backwardnesses. Part 1: Politics, Economics and Society], ed. Francesco Barbagallo et al., (Turin, 1995), 360.

⁶⁴ Oscar Sinigaglia, "Finsider: Promemoria sulla siderurgia italiana" [Finsider: Memorandum on the Italian Steel Sector], Jan. 1948, in Archivio Centrale dello Stato (hereafter ACS), Archivio Storico IRI (hereafter ASIRI), Numerazione nera, Siderurgia-Siac-Finsider, Fascicolo II, s2.6-f2.2-p34; "Finsider: Problemi della siderurgia (estratto dalla relazione del Consiglio di Amministrazione letta dal presidente O.Sinigaglia agli azionisti riuniti in Assemblea Generale ordinaria in Roma il 28 febbraio 1946)" [Problems of the Steel Sector: Sum up of President Sinigaglia Report to the General Assembly held in Rome on 28 Feb. 1946], in ACS, ASIRI, Numerazione nera, Siderurgia, Siderurgia—Siac—Finsider, Fascicolo II, s2.6-f2.2-p27.

⁶⁵ Ruggiero Ranieri, "La grande siderurgia in Italia: Dalla scommessa sul mercato all'industria dei partiti" [The Big-sized Steel Industries: From a Market-oriented Industrial Strategy to a Politics-dominated Sector], in *L'industria di stato dall'ascesa al degrade: Trent'anni nel gruppo Finsider* [The State-owned Industry from its Rise to Failure: Thirty Years in the Finsider Concern], ed. Gian Lupo Osti (Bologna, 1993), 31.

⁶⁶ "Domanda di finanziamento sui fondi Erp per la sistemazione degli impianti siderurgici del gruppo Finsider [Application to Fund a Reorganization of Finsider's Steel Plants on Erp Counterpart Funds] 23/12/1948, in ACS, ASIRI, Numerazione nera, Siderurgia, Siderurgia—Siac—Finsider, Fascicolo II, s2.6-f2.2-p36; "Domanda di finanziamento sui fondi Erp per la sistemazione degli impianti siderurgici del gruppo Finsider" [Application to Fund a Reorganization of Finsider's Steel Plants on Erp Counterpart Funds], 26/1/1949, in ACS, ASIRI, Numerazione nera, Siderurgia, Siderurgia—Siac—Finsider, Fascicolo II, s2.6-f2.2-p36, in ACS, ASIRI, Numerazione nera, Siderurgia, Siderurgia—Siac—Finsider, Fascicolo II s2.6-f2.2-p37.

fascist experience. The CD politicians and their technocrats had given paramount importance since the end of World War II to the relationship of politics to the share structure.⁶⁷ In 1948, the most important state shareholding was restructured. From that time onwards IRI's president, vice-president, and general manager were appointed by the Council of Ministers.⁶⁸ Furthermore, it was decided that the main IRI funding body should no longer be the Treasury. Along with these decisions, which took place under the CD Minister for Industry Giuseppe Togni, the Sinigaglia plan was approved. IRI's new course also encompassed the creation of a new holding, Finmeccanica, destined to group all the IRI's engineering and shipbuilding concerns. Even in this case, the aim was to cope with markets' challenges through an overall rationalization of production and distribution.⁶⁹ IRI's engineering and shipbuilding concerns had long been spread across the country without cooperating with each other. The creation of Finmeccanica was conceived in order to rescue these owned industries through an overall productive rationalization and coordination; even this policy targeted productivity and profits without cutting wages.⁷⁰

⁶⁷ "Luigi Sturzo to Alcide De Gasperi, 24 Oct. 1946," in *Carteggio Sturzo-De Gasperi (1920-1953)* [Correspondence between Sturzo and De Gasperi, 1920-1953] (Brescia, 1999), 175; "Sergio Paronetto, to Alcide De Gasperi, June 1944," in *De Gasperi scrive: Corrispondenza con capi di stato cardinali uomini politici giornalisti diplomatici* [Letters from De Gasperi: Correspondence with Chiefs of State, Cardinals, Politicians, Journalists, Diplomats], ed. Maria De Gasperi (Brescia, 1974), 349; Donato Menichella, Rapporto presentato al capitano A. Kamarck [Allied Control Commission Representative to IRI] [Report before Captain A. Kamarck], "Le origini dell'Iri e la sua azione nei confronti della situazione bancaria" [The Origins of IRI and its Activities with Regard to the Banking System], 2 July 1944, in *Donato Menichella: Stabilità e sviluppo dell'economia italiana 1946-1960*, vol. 1: *Documenti e discorsi* [Donato Menichella: Stability and development in the Italian Economy 1946-1960, vol. 1: Documents and Speeches], ed. Franco Cotula, Cosma Gelsomino, and Alfredo Gigliobianco (Rome, 1997), 153-185 (this report can be found even in ACS, ASIRI, *Numerazione nera, IRI-Pratiche generali, Relazioni e notizie IRI, Fasc. 2* (1944-1954), s2.4-f1.2-p1). R. Einaudi (Commissario straordinario IRI Alta Italia) to Admiral E. W. Stone (Chief Commissioner, Headquarter Allied Commission), 5 Aug. 1945, in ACS, ASIRI, *Numerazione nera, Corrispondenza IRI 1943-1947, Corrispondenza ing.* Einaudi, s2.13-f6.6; Guido Carli, *Cinquant'anni di vita italiana* [Fifty Years of Italian Life] (Rome, 1993), 84-85.

⁶⁸ Ministero dell'Industria e del Commercio, *L'Istituto per la ricostruzione industriale. IRI, III. Origini, ordinamenti e attività svolte (Rapporto Saraceno)* [The Institute for Industrial Reconstruction, IRI: Origins, Rules and activities (Saraceno Report)], in HALSE, Governments Publications Section, file Italy, no. 45 (288), 193-94.

⁶⁹ *Ibid.*, 70.

⁷⁰ For an extensive discussion on the meanings of, and explanations for, the creation of Finmeccanica see the old but lucid work by Bruno Amoroso, Ole Olsen, *Lo stato imprenditore* [The Entrepreneurial State] (Rome, 1978), 68-69.

This productive restructuring of IRI was finally achieved in 1952 when IRI's shares in electrical companies were grouped in another financial holding, Finelettra.

As noted, postwar Italy was in the grip of unemployment. The industrial policy described thus far was aimed at rescuing the Italian economy through the straightforward support of home demand and production. As such, it could restore Italian capitalism and the economy without targeting and resolving the unemployment problem. On one side, CD politicians tried to use the state shareholding formula to defend the existing home market. In fact, De Gasperi and his party fellows wished to protect the employees of IRI-shared firms through both protection of jobs and the introduction of U.S.-supported technical assistance and productivity programs clearly aimed at increasing competitiveness without cooling off workforce purchasing power.⁷¹ The first policy, aimed at protecting the existing market size and to avoid an unprecedented increase in unemployment, coupled an as gradual as possible workforce reduction with an attempt by IRI to absorb on its payrolls workers expelled from economically-torn Italian firms. The second policy was straightforwardly aimed at strengthening productivity without cutting the average living standard of workers employed in public concerns.⁷² The CD leaders tried to cope with unemployment and low living standards throughout the postwar years, even if these were not the main focus of industrial policy. During the late 1940s, a number of laws were passed; for example, a number concerning public works and reforestation were approved along

⁷¹ Mastrobuono (Capo Gabinetto Ministero Industria e Commercio) to Amintore Fanfani (Ministro dell'Interno), 8 Sept. 1953, in ACS, Presidenza del Consiglio dei Ministri (hereafter PCM), Gabinetto (hereafter Gab.) 1951-1954, b. 3-1-10, No. 58583. John Foster Dulles (Secretary of State) to Rome Embassy, "IRI and Confindustria," 26 July 1954, in NARA, RG59, Central Files 1950-54, 865.062/7-2654, b. 530/B; "IRI-Program for technical assistance in the Companies of the Finmeccanica Group," 28 May 1952, in NARA, RG469, Mission to Italy, Office of the Director, Subject Files (Central Files) 1948-1957 (1948-1954), b. 55, fold. 7 (Technical assistance). "Memorandum of the IRI-Finmeccanica Meeting with Mr. Burns, Consultant from the U.S.," 16 Sept. 1952, in NARA, RG469, Mission to Italy, Office of the Director, Subject Files (Central Files), 1948-1957 (1948-1954), b. 55, fold. 6 (Technical Assistance) on the technical assistance program promoted by the U.S. authorities for IRI a first survey is offered by Ferruccio Ricciardi., "Lezioni dall'America: L'Iri, il Piano Marshall e lo "scambio" di esperti con gli Stati Uniti durante gli anni Cinquanta" [Lessons from America: IRI, the Marshall Plan and the 'Exchange' of Technicians with the United States during the 1950s], *Imprese e storia* [Enterprise and History] 27 (Jan. 2003).

⁷² American Embassy Rome-U.S. Operation Mission to Italy, "Italy.Economic Summary," Oct. 1954, in NARA, RG59, Central Files 1955-59, b. 4809, fold. 865.00/1-555.

grants to fund the construction of cheap homes for workers.⁷³ The process aimed at helping the lowest working class and the unemployed reached its apex in 1950 when the *Cassa per il Mezzogiorno* was created. This was a state agency that granted money to the Southern Italian regions to relieve their economy, then one of the most backward in Europe. The *Cassa* was conceived to fund extensive public-work programs mainly aimed at building roads, aqueducts, and drains, not to mention the *Cassa*'s commitment to land reclamation. As it promoted public works centered development rather than industrialization, it created short- and mid term employment. In other words, it provided a temporary solution to the unemployment problem rather than coping with it through structural policies.

When state economic intervention was broadened throughout the 1950s, and the industrial policy seemed to be expansionist, short-term job-creating initiatives like public works were still carried out. As such, we can emphasize the consistencies in industrial policy between the late 1940s and the following decade. I can provide two examples of what I argue here.

The political literature produced by the CD Party throughout the 1950s demonstrates the importance and relevance given to public works by the new CD leader Amintore Fanfani and his political faction. Fanfani, appointed to the general secretariat of his party in 1954, is usually regarded as the main supporter of the 1950s expansionist industrial policy aimed at targeting the unemployment problem through employment-creating industrial investments: a policy that would have changed Italy's economic policy during the postwar years. I want to stress that Fanfani as CD general secretary paid attention to public works and short-term job creating policies, but was undoubtedly far from thinking about unemployment through structural policies. He told the CD's delegates at the sixth National Congress (held in Trento, October 14-18, 1956), with regard to the importance of public works, to rescue the most distressed areas of Southern Italy:

At the fifth Congress held in Naples, and since then onwards, within our party such a policy was pursued with more consciousness and willingness. Therefore, we are ready to argue doubtless that our commitment to Southern Italy and the most distressed areas at large should go on in order to

⁷³ Giuseppe Parenti, *Un'esperienza di programmazione settoriale nell'edilizia: l'Ina-casa* [An experience of sectorial Planning in the Building Industry: the Ina-Casa Plan] (Rome 1967). S. Nerozzi, "Quale politica del lavoro? Il Piano INA Casa: un'analisi economica" [Which labor Policy? The Ina-Casa Plan: an Economic Analysis], in *La prima legislatura repubblicana: Continuità e discontinuità nell'azione delle istituzioni*, vol. 2 [The First Republican Legislature: Continuities and Discontinuities in the Institutions' Activities], ed. Ugo De Siervo, Antonio Versori, and Sandro Guerrieri (Rome, 2004).

complete the building of infrastructures for civilian people that have been already begun.

Such a policy should be intensified, especially in the mountain regions, through the perfecting of the 1952 law and the availability of more money for it.

Such a policy should be reoriented through an overall modernization of key sector like agriculture and trade in the aim of safeguarding promoting employment, raising the population's standard of living, expanding home market, and increasing national production.⁷⁴

It is clear that Fanfani paid attention not only to labor's purchasing power but also to the need for an expansion of the labor market through public works and similar policies. If we move from the CD ruling class (whose attention to short-term employment creating policies is also attested to by other government documents of the mid-1950s) to the citizens' behavior, we find something of interest.⁷⁵ In his study of the Italian economic miracle, Guido Crainz refers to a number of reports by the peripheral prefects to the Central Government regarding the best way to influence the electorate for the general elections to be held in 1958.⁷⁶ According to these local prefectures' reports "it is widespread the idea that the execution of small-sized public works of general interest is the best way to invest public money given by the state for that winter to the peripheral regions and to gain votes." What is even more important, public works are regarded as interwoven with the current consensus strategy: "just a palliative to unemployment, but very useful to reach electoral purpose."⁷⁷ In other words, those who lived in the most distressed regions of both Southern and Northern Italy did not ask for anything but short-term state intervention to cope with economic distress. It is worth observing that such a limited view of modernization and industrialization can explain

⁷⁴ Amintore Fanfani, "La Democrazia Cristiana per lo sviluppo democratico in Italia" [The Christian Democratic Party for the progress of Democracy in Italy], report given at the sixth national Congress by the political secretary, Trento, 14-18 Oct. 1956, in *I Congressi nazionali della Democrazia Cristiana* [The National Congresses of Christian Democratic Party] (Rome, 1976), 81-82.

⁷⁵ See for example the activities and initiatives by the Ministry for Public Works Giuseppe Romita, *Politica dei Lavori Pubblici* [The Public Works Policy], ed. by the Ufficio stampa Ministero Lavori Pubblici, Rome 1955, in HALSE, Governments Publications section, file Italy, no. 45 (396-400). A summary of the importance given and money granted to public works within the 1950s' economic policy can be found in governmental bulletins and reviews such as *Vita Italiana: documenti e informazioni* [Italian Life: Documents and News], and *Rassegna: Monopoli di stato* [Review: State Monopolies], in HALSE, Government Publications Section.

⁷⁶ Guido Crainz, *Storia del miracolo italiano* [A History of the Italian Economic Miracle] (Rome 1997).

⁷⁷ *Ibid.*, 20.

why a political elitist such as Fanfani, who was so concerned with industrial investments, actively supported short-term job creation interventions and public works. In brief, a deficient attitude towards modernization among people caused Fanfani to support some of the consensus policy carried on over the reconstruction years.

The space given to public works and other such interventions is the first point of continuity between the reconstruction policies and the 1950s. Nonetheless, this attitude cannot be understood without taking into account all of the 1950s industrial policy as well as what was happening within the CD Party itself.

The Making of Industrial State: New State-Market Relationships and Old Consensus Policies

As we have seen, the industrial policy carried out during the late 1940s fit nicely the wide range of needs and constraints of the CDs at the time. Most of these factors were no longer at stake in the early 1950s: the Italian economy had been rescued as much as was possible and no longer needed interventions for recovery. Furthermore, the Bretton Woods deadline passed in 1952: afterwards a policy of productive investments aimed at letting the Italian industry step in the international economy through industrial modernization was no longer necessary. The ending of Bretton Woods coincided with that of the Marshall Plan; that money to modernize the Italian economy was no longer available. In terms of politics, the electoral triumph of the CD party in 1948 seemed to have resolved concerns about consensus and the search for consensus strategies aimed at the middle class. However, the end of the Marshall Plan could mean a country less at risk in terms of dependency on the United States; from this point on a policy based on industrial investments did not sound like a U.S.-influenced one.

The 1950s from Hydrocarbons to Electricity: A Decade of Growing Industrial Investments. As a matter of fact, the history of industrial policy in the early 1950s looked like it was aimed at widening both the industrial structure and the labor market. After a 5-year period of tight monetarism, monetary policy was stabilized throughout the 1950s.⁷⁸ The ending of the Marshall grants meant less funding for any industrial policy. However, the state could boost the economy through both tax policy and the availability of new funds from abroad. The *Cassa per il Mezzogiorno*, for example,

⁷⁸ See the in-depth analysis by Cosma Gelsomino, “Moneta e sviluppo nel dopoguerra: La politica monetaria italiana negli anni Cinquanta (1946-1964)” [Currency and Development in the post War Years: The Italian Monetary Policy in the 1950s, 1946-1964], Banca d’Italia, *Stabilità e sviluppo negli anni Cinquanta*, vol. 2: *Problemi strutturali e politiche economiche* [Stability and Development during the 1950s, vol. 2: Structural Problems and Economic Policies], ed. Franco Cotula (Rome, 1998).

received huge amounts of dollars from the World Bank in the 1950s. The IBRD, which granted the Italian government \$10 million as early as 1951 with the aim of fueling a development program for Southern Italy,⁷⁹ later provided Rome with two further U.S.-sponsored loans in 1953 (\$10 million) and 1955 (\$70 million).⁸⁰ A wide range of state economic interventions characterized the early 1950s. The industrial policy was reoriented with respect to both private enterprises and state ownership. According to the literature the watershed was 1953: the creation of ENI, the National Concern for Hydrocarbons, the first measure to turn the *Cassa per il Mezzogiorno* into a state concern to fund industrial investments rather than an institute only concerned with public works and short-term investments;⁸¹ last but not least, the grant of three hundred billion Italian lira given by the state to Fiat to build a new plant in Turin to extend its car production.⁸² All of these measures, carried out in 1953, would mark the downfall of the postwar industrial policy and the dawn of a new one in which the widening of state economic activities and shareholding of the 1950s would be a part. This tendency looked like it would persist in the years to follow.

In 1954 at the fifth national Congress held in Naples, the leftist CD Ministry for Finance Ezio Vanoni proposed a plan to increase employment and income. According to Vanoni, the high unemployment rate in the Italian labor market and the huge gap between Northern and Southern

⁷⁹ National Advisory Council (hereafter NAC) papers, National Advisory Council Staff Committee Minutes, Meeting No. 305, 8 Oct. 1951, in NARA, RG56, NAC papers, NAC staff committee Minutes 1945-1949, b. 2.

⁸⁰ NAC papers, NAC staff Committee minutes, Meeting No. 400, 1 Oct. 1953; NAC papers, NAC Staff Committee Minutes, Meeting No. 448, 23 May 1955, both in NARA, NAC papers, NAC Staff Committee Minutes 1945-1959, b. 2.

⁸¹ Giuseppe Barone, "Stato e Mezzogiorno (1943-1960): Il "primo tempo" dell'intervento straordinario" [State and South, 1943-1960: The "First Stage" of the Extraordinary Intervention], in *Storia dell'Italia repubblicana*, vol. 1: *La costruzione della democrazia* [History of the Italian Republic, vol. 1: The Build-up of Democracy], 399 ff.

⁸² Giovanni Bruno, "Le imprese industriali nel processo di sviluppo (1963-75)" [The Industrial Enterprises in the Economic Takeoff, 1953-75], 362; Bruno Bottiglieri, *La politica economica dell'Italia centrista (1948-1958)* [The Economic Policy of Centrist Italy, 1948-1958] (Milan, 1984), 239-241; FIAT had already been and will be once again supported by the United States through funds delivered to the Italian government through the Export Import Bank. At an early stage, it had taken most advantage out of the \$100 million line of credit established in 1947, whereas in 1955 the Turin group received \$ 6 million. In both cases, the U.S. funds contributed to the purchasing of equipment, the expansion of output and the modernization of FIAT facilities. See for this Department of State to American Embassy Rome, 21 April 1955, in NARA, RG56, General Records of the Secretary of the Treasury, OASIA, b. 60, fold. Italy/1/45 Export-Import Bank Loans 1953-59.

Italy in terms of industrial development were the main problems facing the Italian economy. In order to provide good solutions to these problems, the state should fund an expansion of the industrial structure to be carried out by both state concerns and private industries. This overall state economic intervention should bring about an average increase of national income of 5 percent per year.⁸³ Two features of Vanoni's Plan makes it clear how much he was promoting an industrial policy quite different than the postwar one: these state funds should be granted to promote labor-intensive industrial activities; the 5 percent average increase in national income should bring about a cooling-off of wage increases to benefit unemployed people and their entrance into the labor market.⁸⁴

Indeed, the following years looked like the rise of an expansionist industrial policy of this kind. In the mid-1950s state industrial activities expanded; in 1955, a law was passed granting IRI a role in the building of the new motorway network for 40 percent of the total expenses. IRI's commitment to this huge public works project would have a jobs-creating benefit.

In 1956, IRI's telecommunications financial holding, Stet, acquired the two private enterprises managing telephony in Central and Southern Italy.⁸⁵ In 1957, Parliament passed another law concerning industrial policy. This law enhanced the tendency to change the nature and meaning of the *Cassa per il Mezzogiorno* funds: from then on the *Cassa* should also grant money to banks and other financial institutions to fund industrial investments in Southern Italy at better than the official discount rate. Furthermore, this law committed the public enterprises to invest in Southern Italy 60 percent of their total productive investments and 40 percent of all their yearly investments. Furthermore, this industrial attitude shown by the state did not stop here: in 1957, IRI acquired some important textiles industries in Southern Italy and bought some more shares of the national airline company, Alitalia.

Most of these facts can be regarded as part of an industrial policy specifically aimed at targeting unemployment through the funding of

⁸³ Ezio Vanoni, "L'idea del programma e la sua ispirazione politica: Discorso al 5° Congresso Nazionale della DC, Napoli, 24-29 giugno 1954" [The Ideas Underpinning my Program: Address to the Fifth National Congress of the Christian Democratic Party], in Ezio Vanoni, *Discorsi sul programma di sviluppo economico* [Addresses Related to the Economic Development Program], Rome 1956, in HALSE, Government Publications Section, file Italy, no. 45 (423-428).

⁸⁴ Concerning this point, see discussion in Claudio Giovannini, *La Democrazia cristiana dalla fondazione al centro-sinistra (1943-1962)* [The Christian Democratic Party since the Foundation to the Center-Left Governments] (Florence, 1978), 58-62.

⁸⁵ Bruno Bottiglieri, *Stet: Strategia e struttura delle telecomunicazioni* [Stet: Industrial Strategy and Organization of the Italian Telecommunications] (Milan, 1988), 288 and following pages.

industrial investments and long-term job creating investments at large. In particular, most observers regard the state intervention into the economy throughout this decade as the economic tool of a new consensus strategy more concerned with unemployed people than with employees' purchasing power, more with the industrial basis and its size than with profits and competitiveness: a consensus policy that would mark a clear break down with respect to reconstruction. To the contrary, I argue that there was at least a balance between this new policy and the old one: up to the late 1950s, they went along side-by-side. This is demonstrated by activities throughout the decade. If we compare all state interventions into the economy during this decade, we see that they were part of different industrial policies. Consider the two fields where IRI intervened: the making of the national motorway network and the grouping of the main telephone companies around Stet. As for the first, as I have stated, IRI's role in the making of the national motorway was an example of a job-creating government intervention, whereas other state interventions such as that in telephony involved expanding the state's shares in private enterprises. This expansion did not necessarily bring about an increase in industrial and employment structures. As we will see, this also applied to the reorganization and extension of state shareholdings at the time.

It was only the nationalization of electricity in 1962 and the investments that followed that lead to the rise of a new consensus policy carried out through an expansionist industrial policy: through this nationalization, the state paid off both the private and the public electrical industries for as much as 1500 billion Italian lira. Former private electrical industries like Edison and Sade became chemical concerns, whereas the public ones were forced to make investments in the telecommunication and steel sectors.⁸⁶ This meant that a job-creating industrial policy like electrical nationalization could also lead other industries to pursue an expansionist industrial policy: so, thereafter the state could pursue a job-creating and employment oriented industrial policy not only through its own enterprises but also by influencing the investment policies of private enterprises.

The CDs in Face of the Reorganization of the State Shareholdings: Industrial Policy and Consensus Strategy Prior to the Economic Miracle. The persistence and importance of an industrial policy aimed at targeting the middle classes and employed workers is masterfully demonstrated by the creation of state shareholding up to the establishment of the Ministry for state shareholding. To clarify, my argument includes two points. The first is that the creation of new state-owned companies like ENI or that of an IRI-owned company charged with the building of the national

⁸⁶ Bruno Bottiglieri, *Sip: Impresa, tecnologia e Stato nelle telecomunicazioni italiane* [Sip: Firm, Technology and State in the Italian Telecommunications System] (Milan, 1990).

motorway network obviously brought about job creation. Generally speaking, when the state expands its economic activities through industrial investments, this is mirrored in the industrial structure. When the state intervenes in the economy through an increase in its shares in private companies as Italy did in the telephone sector, this does not necessarily bring about expansion of industrial and employment structures. This standpoint applies not only to the telephone sector but also to all state shareholdings. If we consider all the state's industrial activities at that time, we find that the shareholding formula was by far the most important kind of state intervention into the economy. What is even more important here, the debate on state shareholding preoccupied the CDs from the early 1950s until the creation of the Ministry for state shareholding in 1956. This debate clearly accounts for the persistence within the CDs of a widely shared tendency to shape economic and industrial policy in the postwar years.

The Ministry for State shareholding was created with a law passed by the Parliament on December 22, 1956. The parliamentary papers concerning this law and the parliamentary debates highlight the meaning given to the forthcoming Ministry by a wide range of politicians.

When he brought the law project to Parliament in the summer of 1955, the Prime Ministry Antonio Segni stated:

This law project, which takes into account what the situation is at the moment in this sector, what happened in the past, which opinion was delivered by the Parliament as well as which study contributions have been given thus far, spanning from the Constituent Assembly Report to the Honorable Ugo La Malfa report; not to mention, with respect to what we are dealing with here, the Giacchi Commission Report. By the way, this law project is aimed at creating, through the Ministry for State shareholdings, an instrument to achieve a good reorganization of and control over the state shareholdings.⁸⁷

The importance Segni gave to the reorganization and rationalization of existing state shareholdings in preference to the creation of new state shareholdings, whereby state shareholdings were reorganized in as many autonomous concerns as the economic sectors the state was concerned and involved in, reveals the purpose of using the Ministry to achieve a cost-cutting investment policy. Up to this point, the vision of the forthcoming Ministry as a matter of “administrative policy” was aimed at

⁸⁷ Camera dei deputati, Seduta del 18 luglio 1955, in Ministero delle Partecipazioni statali, *Il Ministero delle Partecipazioni statali, I: Atti Parlamentari* [The Ministry for the State Share Holdings: N.1. The Parliamentary Papers] (Rome, 1958), 14-15, in HALSE, Government Publications Section, file Italy, no. 54 (394).

“rationalizing as much as possible” the state-shared industries and their production:

It is straightforward that one must distinguish cleanly, in this field, two problems which are completely different....

The first problem is about economic policy. It is aimed at making it clear whether or not the state should intervene into the economy, with particular reference to industrial production: the key point, today, is the dimension of such a kind of intervention.

The second problem, on the contrary, is about administrative policy. If we take it for granted a determined amount of state interventions into the economy, this problem tends to find out the best way to organize them in order to rationalize the state economic activities as much as possible.

The law project presented by the Government, on whom I have been talking about with pleasure, is just about the second problem: it tends to become a tool to the reorganization of those state industrial and economic activities that are still at work. It is aimed at unifying within the being creating Ministry a wide range of state activities which are now working without any coordination nor rationalization through a number of institutions. It is not a matter, therefore, of extending the state activities.⁸⁸

If the expansion of state shareholding, as I have indicated, was not necessarily part of an industrial policy leading to higher rates of industrialization and employment, a state shareholding policy primarily aimed at rationalizing the state-shared industries has to be framed within a different perspective. During the mid-1950s, quite a large group of CDs saw the state shareholdings as the right tool to target problems other than a new employment-creating consensus policy. To me, this demonstrates that at least until the second half of the 1950s there were important sectors of the CD party holding onto a consensus policy aimed at targeting the middle class and some low-paid employees.

It is worth examining what was happening within the party at that time. In 1951 and 1953, in administrative and political elections, respectively, the Italian far-right parties had gained votes, especially in Southern Italy, at the expense of the CDs: the party lost its overriding majority. Contemporary historians have tried to link those electoral downfalls to the making of an entrepreneur state during the following years. Let us look at

⁸⁸ “Relazione della prima Commissione permanente (relazione Lucifredi),” in *Camera dei deputati, Seduta del 2 dicembre 1955, in Ministero delle Partecipazioni statali, Il Ministero delle Partecipazioni statali, I: Atti Parlamentari* [The Ministry for the State Share Holdings: No. 1. Parliamentary Papers], 19.

two interpretations. According to Paul Ginsborg, the party lost its majority in 1951 and 1953 because it had not been able to implement its economic policy: “All over the country—Ginsborg writes—, the inaction of the ruling party since 1948, its inability to live up to its promises of social justice, was to cost it votes.”⁸⁹ If this had been the main explanation for the electoral defeat, the state economic intervention policy should have been viable without picking up industrial investments. Franco De Felice, who tends to see the government’s intervention and the move to the left during the early 1960s as the CDs’ answer to overall transformations in social structures and class relations, interprets the 1950s state’s intervention into the economy as an expansionist one.⁹⁰

Both interpretations are somewhat right and somewhat wrong. Within the strongest Italian party, there were both conceptions of state economic intervention. The parliamentary papers I cited represent just one viewpoint; it seems that Ginsborg’s words and De Felice’s reflections represent the two main opinions splitting the CD elites at the time with regard to the shareholding and industrial policies. Most works dealing with these years interpret the party’s fourth national Congress held in Naples in 1954 as the turning point in terms of economic and industrial policy.⁹¹ In Naples, Fanfani, head of a new generation of leaders regarded as political supporters of an employment-creating industrial policy, became party secretary. At the same time, Vanoni’s plan was presented to the delegates. One year earlier Enrico Mattei, former chief commander of the Catholic Brigades in the Italian Liberation movement, had founded its own political faction, the “Base.” Shortly after 1945, Mattei had been appointed to the executive board of AGIP (*Agenzia italiana petroli*), the state-owned methane-producing firm. From 1945 to 1953, Mattei struggled to avoid privatizing AGIP and to prevent the international oil companies from taking possession of the local hydrocarbons’ market. The

⁸⁹ Paul Ginsborg, *A History of Contemporary Italy*, 141.

⁹⁰ Franco De Felice, “Nazione e sviluppo: un nodo non sciolto” [Nation and Development: an Unsolved Problem], in *Storia dell’Italia repubblicana, 2: La trasformazione dell’Italia: sviluppo e squilibri*, vol. 1: *Politica, economia e società* [History of the Italian Republic, No. 2: The Transformation of Italy: Developments and Imbalances, vol. 1: Politics, Economics and Society] ed. Francesco Barbagallo et al. (Turin, 1995), 817.

⁹¹ Claudio Giovannini, *La democrazia cristiana dalla fondazione al centro-sinistra* [*The Christian Democratic Party since the Foundation to the Center-Left Governments*], 55 and following pages; Marco Maraffi, *Politica ed economia in Italia: La vicenda dell’impresa pubblica dagli anni trenta agli anni cinquanta* [Politics and Economics in Italy: The History of State-Owned Concerns since the 1930s through the 1950s] (Bologna, 1990), 199; Giancarlo Provasi, *Borghesia industriale e Democrazia Cristiana: Sviluppo economico e mediazione politica dalla Ricostruzione agli anni ’70* [Industrial Bourgeoisie and the Christian Democratic Party: Economic Development and Political Bargaining since the Reconstruction through the 1970s] (Bari, 1976).

creation of ENI in 1953, which granted the new concern the important and sole right to carry out hydrocarbons research and extraction across the *Pianura Padana* (Padana Plain), marked an important point for Mattei and the industrial strategy to extend the government's intervention to this industrial sector.⁹² Nonetheless, Mattei wished to carry on the strategy even after De Gasperi's death. What he needed was greater political support within his own party.

The birth of Fanfani's and Mattei's factions, respectively called "Iniziativa Democratica" and "Base," came about as a result of the death of Dossetti's leftist faction. In 1952 Dossetti's faction, which had been struggling during the late 1940s to counterbalance monetarism through economic planning and job-creating policies, ended because Dossetti gave up politics.⁹³ Fanfani and other leftist leaders like Taviani, Aldo Moro, and Mariano Rumor, founded "Iniziativa Democratica" to influence De Gasperi's followers after his death, as well as the centrist policies, generally. Historians have viewed Fanfani's goal of expanding the state's intervention into the economy as caused by his hope for a party less dependent on collateral organizations and more able to put its men and managers at the edge of State agencies and enterprises.

If we ignore these general purposes, we find a clearer consensus policy. A party on the brink of losing its own majority across the country should not avoid thinking about new ways to hold onto power: in the mid-1950s, the problem of opening to the left was already at issue. Fanfani's approach was that it was necessary, before opening to the socialist party, to weaken the socialists by attracting their electorate: it was often a matter of well-paid and skilled working-class sectors, their employment rates, and working conditions.⁹⁴ This was the consensus strategy underpinning Fanfani's expansionist and labor policies, which we find in party speeches such as the following:

Here it is the chapter about the labor and social policies, which we have been discussing about as long as 10 years without ending up it: now it is waiting for being achieved at all.

⁹² On the important results achieved by AGIP under the direction of Mattei in the natural gas business and its evolution towards multinationality after the creation of the ENI group see Daniele Pozzi, "Techno-Managerial Competences in Enrico Mattei's AGIP: A Prolonged Accumulation Process in an International Relationship Network, 1935-1965," *Business and Economic History* (www.thebhc.org/publications/BEHonline/2003/beh2003.html) accessed Dec. 15, 2004.

⁹³ The best account of this important party faction is still Paolo Pombeni, *Il gruppo dossettiano e la fondazione della democrazia cristiana* [The Dossetti-led Political Faction and the Foundation of the Christian Democratic Party] (Bologna, 1979).

⁹⁴ Provasi, *Borghesia industriale e Democrazia Cristiana* [Industrial Bourgeoisie and the Christian Democratic Party], 134.

Our political enemies recognize how many progresses have been achieved in terms of pensions and wages all over the last 10 years. It is necessary to go on by perfecting both our weak family allowances policy and our efficacious home policy. It is easy to foresee that the perfecting of such a number of policies, coupled with the putting into practice of Vanoni Plan, will give an important and decisive contribution to defeat unemployment. By the way, in the aim of targeting unemployment, we require that the decision to make investments for 50 billions in the railway sector be put into practice by this year to promote employment in the mechanical sector.⁹⁵

This attention to unemployment, which accounts for Fanfani's industrial policy, does not necessarily leave out sensitivity to the middle class, especially the lower-middle classes living across Southern Italy. He wrote in 1955:

We hope that everyone enjoy his own life, that democracy be populace's government, and above all the working class government; the CDs must pay attention, in particular, to the middle class' living conditions: its life, its problems, its social wealth. Wherever it comes from, the middle class must be at the forefront of our concerns. Nonetheless, we must be particularly sensitive to the Southern middle class in order to provide it with all what it needs for.⁹⁶

Even if it mixed labor policy with concern for the "population's standard of living," the Fanfani-led expansion of state intervention into the economy made his consensus strategy primarily an expansionist one.⁹⁷

The other faction born shortly after the downfall of Dossetti's leftist faction, that encompassed people like Mattei and Vanoni, at first glance looked more concerned with unemployment and, as such, less consistent with past economic policies. Vanoni's plan to increase both income and employment has been regarded as a demonstration of this discontinuity within this faction. On the contrary, this political faction can be regarded as a promoter of both productive investments and increasing average

⁹⁵ Fanfani, "La Democrazia Cristiana per lo sviluppo democratico in Italia" [The Christian Democratic Party for the Progress of Democracy in Italy], 82-83.

⁹⁶ Amintore Fanfani, *La Democrazia cristiana per le aree depresse* [The Christian Democratic Party for the Depressed Areas] (Rome, 1955), 16.

⁹⁷ Two points which Fanfani often brought together before his electorate, as he did during the 1958 electoral campaign: Amintore Fanfani, *Risposte della DC ai suoi accusatori: Discorso tenuto a Trento il 2 marzo 1958* [Answers to the Discontents of the Christian Democratic Party: Address Held in Trento on 2 March 1958], in Amintore Fanfani, *Primi orientamenti per la campagna elettorale del 1958* [Early Guideline for the 1958 Electoral Campaign] (Rome, 1958), 88-89.

incomes. As a matter of fact, if we leave out Vanoni and his fellows we find that “Base” was founded with the precise aim of promoting Mattei’s industrial interests. As such, he not only conceived industrial policy as a way to counterbalance the power of private capitalism. He never tried to fight against Fanfani and “Iniziativa Democratica,” and because of his need for political support, he ever tried to influence Fanfani.

Mattei’s industrial purposes could not be achieved except through a highly competitive public sector; as such, modernizing investment policy was his first conception of industrial policy:

In Italy, the public enterprises work not only to pursue productivity and cost cutting but also to support government’s economic policy and its effort to cope with regional dualism and to start a development process in regions -like those of Southern Italy- where private enterprises have failed. This support is given in the energy sector as well as in other basic sectors.⁹⁸

These two visions of industrial policy debated within the party during the mid-1950s account for the question concerning the creation of the ministry for state shareholding: the distinction between “economic policy” and “administrative policy” bring us back to Fanfani’s expansionist strategy and Mattei’s productive and modernizing standpoint, respectively. Both positions not only underpinned the debate on the creation of that Ministry but were also at issue throughout the debate on the reorganization of state shareholding. In addition, by this time the long-term firm opposition to any kind of state involvement in economic activities, although still voiced and led by Luigi Sturzo, was a minority view within the CD archipelago.⁹⁹

This debate gripped the new CD elite beginning in the early 1950s. Indeed, the state shareholdings and their role within the Italian economy had been at stake since the postwar years. The Economic Commission presented the first document in this field at the Constituent Assembly.¹⁰⁰ Shortly thereafter, there was the Ministry for the Industry Togni report on IRI; in 1952 the Republican Ministry for Industry’s La Malfa presented his

⁹⁸ Enrico Mattei, *Problèmes de l’énergie et des hydrocarbures* [*Problems Related to the Energy and the Methane Producing Sector*], ENI 1961, in HALSE, Government Publications Section, file Italy, no. 45 (590-597), 118.

⁹⁹ Luigi Sturzo, “ENI & C.: i perché delle mie critiche,” *Il Giornale d’Italia* [The Journal of Italy], (16 Oct. 1957); “ENI,” *Il Globo* [The Globe], Novembre 6, 1957; Luigi Sturzo, “Democratici e statalisti,” *Il Giornale d’Italia* [The Journal of Italy] (1 Feb. 1958).

¹⁰⁰ Ministero per la Costituente, *Rapporto della Commissione economica presentato all’Assemblea Costituente: II, Industria, Relazione* [Report by the Economic Commission to the Constituent Assembly: II. Industry Report] (Rome, 1946-47).

own report.¹⁰¹ As we have seen, at the time there had been a far-reaching effort to reorganize the state concerns to modernize the economy: Togni's proposal to reorganize IRI is an example. The 1950s debate on the reorganization of the state shareholdings, usually considered a key part in the making of the industrial state, is here considered as aimed at rationalizing production and costs for the public enterprises. In other words, if Fanfani and his fellows conceived the industrial state as the means to extend their party's consensus policy to workers and unemployed who were keen to vote for the Socialist Party, someone else was conceiving industrial policy as a matter of "administrative policy."

Mattei's aim at promoting productive investments to make the public companies more competitive in the face of private giants was not only a way to counterbalance private capitalism but also a means to reach the middle class, especially the low-paid middle class and the employed workers of industries and companies subject to modernizing investments. Thus, a policy of productive investments was also a means to increase wages and labor's purchasing power. This side of the policy is clear if one looks at the debate on the reorganization of the state shareholdings. In particular, there is a point worth noting. In 1953, a parliamentary commission was established charged with the responsibility of reorganizing IRI. As a matter of fact, postwar industrial reorganization of IRI had left out IRI's place within Italian capitalism: in other words, its relationship with private firms. The Giacchi Commission, as it was called, was soon split into two groups: one supported by the Italian Republic President, Luigi Einaudi, and one led by the Catholic trade union economist, M. Romani. The former group, strictly a free trader one, was a minority struggling against an expansion of state shareholdings and keen to support further privatizations. The latter produced a report supporting a broader role for state economic activities and a clearer control over the state shareholdings. This report and its proposals seemed consistent with the leftist CDs and their modernizing investment policy: the creation of a Ministry for state shareholdings, a clearer parliamentary control over state industrial activities, and, last but not least, the detachment of IRI-owned industries from the private industrialists organization, the Confindustria. This last point is relevant here.

If the Giacchi Commission did not bring about a law, the one creating the Ministry for state shareholdings decreed that IRI-owned as well as all state-shared enterprises should leave Confindustria. Even at

¹⁰¹ "Relazione conclusiva presentata dal Ministro segretario di Stato onorevole Ugo La Malfa nel Consiglio dei Ministri del 9 aprile 1951, concernente la riorganizzazione delle partecipazioni economiche dello Stato," published later in Ministero dell'Industria e del Commercio, *L'Istituto per la Ricostruzione Industriale IRI, I. Studi e documenti* [The Institute for the Industrial Reconstruction IRI: Studies and Documents] (Turin, 1955), 18-88, in HALSE, Government Publications Section, file Italy, no. 45 (288).

this time, the CDs trade unionist strongly supported this decision. In this case, a Trade Union leader like Giulio Pastore intervened:

We wish keenly that IRI will be organized on new basis whereby, even if it will be never like a private firm, it will be ever more targeting productivity. Increasing productivity and cost cutting must be achieved because they produce steps forward for all rather than profits for a few people.

'....' We do believe that increasing productivity and cost cutting must be achieved by new means than those used by private enterprises. We do believe that a first help to the efficiency of IRI-owned industries can be given by new industrial relations.

'....' The hope for increasing productivity can be achieved within IRI through fostering the working class and all the workers at large to take part to the management of production: contracts and wages will be coupled with productivity and economic efficiency.¹⁰²

The relationship between cost-cutting, increasing profits, and “industrial relations” was even better achieved by the detachment of IRI-owned industries from Confindustria. That relationship made the meaning of a modernizing investments policy clear: it was conceived not only as a way to make state-owned enterprises more competitive but also as a condition to safeguard home demand in order to gain votes: a process of industrial rationalization, in fact, was also the starting point to raise wages and purchasing power through lowering of production costs. This was a process that would fit even better without a constraint like Confindustria with its attitude to peaceful industrial relations.

This strategy was agreed upon by the American authorities in Italy and the U.S government as a whole: if IRI was regarded as a cluster of industries that in the past have been slow in making the fundamental adjustments necessary to meet world competition,¹⁰³ it was now considered the best tool to bring about enlightened labor standards and higher productivity at the expense of Confindustria, which in American eyes was seen as an obstacle rather than an aid to Italian adoption of healthy American business practices.¹⁰⁴

¹⁰² Giulio Pastore, “Intervento alla discussione sul cosiddetto ‘distacco’ delle industrie IRI dalla Confederazione Generale Dell’Industria Italiana,” Camera dei deputati, seduta del 2 agosto 1954, in *Atti Parlamentari anno 1954: Discussioni* [Parliamentary Papers: Year 1954: Debates] (Rome 1955), 11877.

¹⁰³ American Embassy Rome-U.S. Operation Mission to Italy, “Italy: Economic Summary,” Oct. 1954, in NARA, RG59, Central Files 1955-59, b. 4809, fold. 865.00/8-2255, p.6.

¹⁰⁴ John Foster Dulles (Secretary of State) to American Embassy Rome, “IRI and Confindustria,” 26 July 1954, in NARA, RG59, Central Files 1950-54, 865.062/7-2654, b.530/B.

The fact that catholic trade unionists like Romani and Pastore promoted this view helps us to understand how the leftist CDs close to Mattei and Vanoni conceived a productive investments policy for the state shareholdings as a tool to bring on a consensus policy aimed at reaching the middle class and the employed people.

This strategy not only appears in the law creating the Ministry for state shareholdings; Article 3 of this law prescribed the detachment of public enterprises from Confindustria and the same enterprises worked on behalf of an efficient principle (“*criteri di economicità*”), where “*economicità*” meant rationalization, cost cutting, and profits. As noted, it is only since the nationalization of the electrical industry that the state, and, in particular, the CD Party pursued an expansionist industrial policy aimed at the Italian industrial structure and employment. Nonetheless, since the second half of the 1950s the “*criteri di economicità*,” brought into political debate as synonymous with productivity, were interpreted by the IRI president Aldo Fascetti less as “a commitment to profit” and more as a principle “to increase more and more employment.”¹⁰⁵

Conclusion

The debate on the rescue of the nation-state in Europe in the face of supranational integration shortly after World War II has been one of the most interesting issues brought before the academic community by the broader debate on the recovery of Europe in the making of the Cold war. The case of Italy is of relevance because among the western European states it was the only country where monetarism delayed the rescue of the Italian nation-state: unlike countries like France and Great Britain, Italy set up its nation-building at a later stage.

In this piece, I have explored this process throughout the formative, pre-boom 1950s in light of economic policy, with particular reference to industrial policy in the age of government intervention. An interesting comparison with the reconstruction period illuminates the nature and meaning of the 1950s policies. To summarize the results of this exploration: the 1950s marked a real step forward in the making of an expansionist industrial policy, and the ruling class clearly conceived government interventions as interwoven with consensus policies. Contrary to most of the extant literature, this government intervention did not reveal a completely different consensus policy with respect to the reconstruction period; within Christian Democracy there were, at least until the latter half of the 1950s, clashing interpretations of the nature and meaning of industrial policy to cope with a declining political consensus. Two main views emerge: on the one side Catholic trade-unionists and leftist CD state barons like Mattei, in favor of carrying on a productive investments-oriented industrial policy aimed at targeting productivity and

¹⁰⁵ Aldo Fascetti, *Scritti e discorsi* [Writings and Addresses] (Milan, 1960), 60.

the home market, enterprises' competitiveness, and labor's buying power; on the other, Fanfani's faction, the new leading group of the party during this decade, aimed at setting a clearer expansionist industrial policy based on industrial investments and employment policies. Neither group was pursuing their own model of industrial development with extremism: Fanfani's policy, aimed mainly at the socialists' electorate and still interested in the middle classes' voting behavior, was never Keynesian, whereas within the party's leftist section, important politicians like Vanoni conceived of industrial policy primarily as an employment-creating tool, and state barons like Mattei were not completely cut off from the unemployment issue.

This clearly grew out of the political debate on the making of the Ministry for state shareholdings and of the reorganization of the state shareholdings at large in the middle of the decade. As the state shareholdings played a key role in the making of industrial policy of the center left governments and the nationalization policies of the 1960s, it would be crucial for future investigators to study these crucial years with respect to two problems: to what extent the state shareholdings policies put into effect a government policy mainly concerned with productivity and labor's purchasing power consistent with postwar policies, and when a clear industrial investments-oriented policy prevailed in Italy as a tool of a newly established consensus policy.