

Book Reviews

Marisa Agostini et al., *Eni, la storia di un'impresa: passato, presente e futuro del cane a sei zampe*, Fondazione Giangiacomo Feltrinelli, Milano 2022, pp. 349.

The new publication on Eni, introduced by Luciano Segreto, delves into the history of a company which, founded in 1953 with the aim of bringing Italy among the advanced nations also in the energy field, represented one of the main companies to influence the country's economic innovation. The history of this company, which is closely linked to Enrico Mattei, allows us to better understand the development of the Italian production system and the internationalization strategies of the Italian State during the post-war reconstruction process.

Eni was created thanks to a prolonged and tormented parliamentary debate, which led to the creation of the "largest Italian industrial group – in terms of size and international projection – and one of the first energy groups on a global scale". Eni's success is explained by the "strategic importance of the sector in which Eni has operated since its foundation and in which it still operates today, and certainly also with the role that some of its managers, starting with Enrico Mattei – but not only –, have had in its history" (p. 7). Eni, together with Pirelli and Fiat, contributed, albeit with different corporate approaches, "to making the country a modern industrial society" (p. 7). Fiat and Pirelli led, respectively, to the development of mass motorization and the supply of tyres for vehicles, while Eni, through its network of petrol pumps, which varied, depending on the year, between 35% and 50% (precisely in the period of the largest economic development and the affirmation of cars), "represented the final strategic ingredient" of the Italian productive, social and cultural framework (pp. 7-8). However, the importance of Eni in the Italian economy is to be considered superior to that of the other two Italian companies, as it has dealt with energy in various forms, placing the country's economic and public development plans at the centre of its programs, interpreting the most important needs and projecting it "towards an increasingly balanced future in terms of the various forms of primary sources" (p. 8).

The establishment of Agip in 1926 was preceded by a long period

during which Italian governments had to consider the problem of the supply of raw materials, placed, for the first time, at the centre of strategic issues from the First World War onwards (p. 27). In the initial phase of industrial growth up to the First World War and in the consolidation phase – that is the years between the two wars – Italy, a country substantially devoid of coal, “focused on hydroelectric production also in light of the particular orographic conformation of the peninsula and of the presence of important river basins” (p. 8). Until 1914, the sector, which soon became “the most important at a national level for the amount of financial resources it was able to attract”, recorded a vast presence of foreign capitals: 30% of the first fifty electricity companies were controlled by Swiss, Belgian and German financial holding companies (p. 8). The war and the following period recorded “a strong “Italianisation” of most of the companies in which the presence of foreign capital was prevalent”, leading to “exalting the national character of the energy aspect” (p. 9).

In 1924, since energy was, in fact, becoming “a strategic issue” that all developed countries had to deal with, the first of a series of world conferences on the energy theme took place in London, which were supposed to fuel the debate on “both theoretical and practical-economic aspects linked to the production and exploitation of various forms of energy” (p. 10). This context, “marked by new military needs and a new awareness of the complexity of the energy issue for the most advanced societies”, showed that “the new technological, but also political and economic frontier, would move to the field of oil research” (p. 10). The volume, seeking to renew studies on the Eni Group, collects the contributions of scholars who have explored various themes of the company’s history, through research conducted in one of the few company archives that can be freely consulted. The contributions that make up the book allow us to retrace the long path of Italian oil history, which largely coincides with the history of Eni. The history of Eni, analysed in this work, has allowed us to reflect on many other aspects of the Italian and international economy, investigating the changes in the production system, the technological transformations, and the new opportunities of the international economic system. All these factors are reflected in the strategic choices of Italy, whose political class, “at first with difficulty, [...] and then with great strength and determination, pressed on the accelerator in the oil field” through the initiatives implemented by Agip and, later, by Eni (p. 11). As Luciano Segreto states, in fact: “The economic and industrial growth of the country could not have manifested itself as it did, especially after the Second World War, without the decisive commitment to research and exploitation of oil and hydrocarbon deposits, in Italy, but above all in the international field” (p. 11).

The book is divided into two parts: the first contains the research that involved the history of Eni up to its privatization; the second presents the results of interviews carried out by Lucio Caracciolo and Fabrizio Maronta with recent Eni CEOs: Franco Bernabè (1992-1998), Vittorio Mincato (1998-2005), Paolo Scaroni (2005-2014) and Claudio Descalzi (since 2014).

The first part consists of five contributions in which some of the fundamental themes for understanding the history of Eni are explored in depth. The first contribution, written by Daniele Pozzi, focuses its attention on the corporate culture of the Group, starting the examination from the birth of Agip and concluding its research in the late Eighties. Italy's entry into the oil market through the establishment of Agip in 1926 must be evaluated with caution, considering the "condition of political, economic and military inferiority" also deriving from the decisions that were taken at the Versailles peace conference of 1919 and then in Genoa in 1922 (p. 12). The Italian Government had to operate in a context dominated by two foreign companies (Standard Oil and Royal Dutch Shell) who were not interested in the marginal Italian market. The 1930s, however, are the period in which Agip "hardly managed to reduce its dependence on imports of products from a single supplier", namely the USSR, by creating a national distribution network and developing refining capabilities (p. 30). The contribution of Pozzi, continuing to delve deeper into the corporate culture of Agip and then Eni, reconstructs all the steps that characterized the history of the company between the war and the post-war period. The essay focuses on the period from the 1950s onwards, during which the "epochal transition" occurred which involved all advanced countries: "an energy transition which reduced in relative terms the weight and role of fossil fuels and that of hydroelectric production" (p. 17). On the contrary, "the uses of oil (and its derivatives) for both direct and indirect use (in thermoelectric power plants) and gas increased" (p. 17). Public and private interests were, therefore, united by the "need to develop a new energy policy" (p. 17). In this context, Enrico Mattei, through the creation of innovative corporate initiatives, allowed Italy to "enter for the first time in a sector in which economic issues were constantly mixed with diplomatic-strategic ones" (p. 17).

These issues are common to the subsequent contributions, which, by investigating the history of Eni from different points of view, allow us to have a clear idea of the Group's corporate policies.

The contribution by Marisa Agostini and Giovanni Favero analyses the historical evolution of Eni's financial statements, highlighting the variations that they have undergone both in form and in purpose and investigating the "connections between the results of the financial

statement analysis and the strategic-organisational evolution" (p. 95). The contribution, which is enriched by a vast array of tables and graphs useful for a deep understanding of the issue, divides the analysis into the five main periods that characterize the chronological span covered by the book (1926-1993). The first period includes the years from the establishment of Agip to its incorporation into Eni in 1953. The second period represents the "founding phase, during which Enrico Mattei led Eni" until his death in 1962 (p. 95). The third period concerns "the evolution and subsequent transformation of the state holding company", reaching its conclusion "with the strong discontinuity generated by the first oil crisis of 1973" (p. 95). The fourth period concerns Eni's response to the changing context and attempts to expand externally, which "corresponded to various reorganisations, until the sale, in 1986, of some unrelated activities" (p. 95). The last period concerns the "gradual start of the process which led, in 1993, to the listing on the stock exchange and privatisation" (p. 95). Considering the analysis carried out, the authors of the contribution pointed out that discontinuities can be found in the economic-financial information provided through the financial statements (p. 96). The first period, therefore, shows "the parable of a public energy company which in the years before and after the Second World War developed strong technical skills in the research and extraction of hydrocarbons, starting an expansion abroad conducted with an original approach" intended to overcome the strong entry barriers and seeking agreements with the producing countries (p. 139). The end of the period characterized by the leadership of Enrico Mattei allows us to record the "multiplication of supply agreements with large international oil companies and the start, in parallel, of downstream diversification in only partially related sectors", such as chemistry and textiles (pp. 139-140). The corporate strategies implemented in the Seventies, however, took on "strongly anti-economic characteristics" (p. 140). Eni, in fact, manages companies in difficulty on behalf of the State, forcing the Group to undertake a long and complex path for the gradual return "to a configuration more concentrated on the energy sector with a strong international projection" (p. 140). The "rationalization" of Eni's strategies was achieved "also thanks to the progressive introduction into the balance sheet of new indicators useful for evaluating the quality of investments and their return", showing that some choices were economically unsustainable (p. 140). Finally, the authors highlight "Eni's early commitment in the field of renewable energy", which begins to be indicated in the budget report starting from the period between 1991 and 1992. In the third essay Stefano Musso analyses the trend and innovations introduced in personnel policies since the creation of Agip at the end

of the 1980s. The author shows how industrial relations were influenced by the transition to democracy after the Second World War, although Musso points out that “for some time a logic partly anchored to paternalistic models” was predominant (p. 21). Citing the case of the absorption of Pignone and the consequent selective downsizing of personnel, Musso explains that “Eni did not differ from the political-union climate of the country” (p. 22). In the period between the 1950s and 1960s, “the group moved along the same line as other public companies both on a contractual level and in relations with employees” (p. 22). The situation just described induced Eni to conduct itself “in line with the message of Americanization (to which state-owned companies were very sensitive), through the rapid introduction of job evaluation, one of the key principles of the American industrial relations system” (p. 22; p. 191). This system remained operational until 1970, because the struggles of the workers in the two-year period 1969-1970 brought back into force the “classification by professional categories and the single classification of workers-employees” (p. 200). Subsequently, Eni’s exit from Confindustria towards the end of the 1950s and Asap’s actions made a more inclusive approach possible. One of the most significant steps of the 1980s, i.e. the process characterized by restructuring and divestments, was managed by “limiting the negative repercussions as much as possible” (p. 209). The protests, especially in the sectors covered by the divestment program (mining-metallurgical, mechanical, textile and chemical), were managed with social safety nets and through the creation of Ageni, in 1983, a company controlled by Eni which dealt with the relocation of redundant employees (p. 209).

The fourth contribution, written by Bruna Bagnato, broadens the perspectives of analysis by looking at Eni’s international profile. The author traces the history of an entity created with “the objective of promoting and implementing initiatives of national interest in the field of hydrocarbons”, analysing the internationalization strategy launched to achieve Eni’s purpose (p. 211). As Bagnato states: “Looking outside national borders was natural and almost expected, given the insufficiency of internal resources; however, the methods and formulas were not obvious, the result of choices that had their roots in a political rather than economic terrain” (pp. 211-212). The author, therefore, through this essay wanted to “retrace the itineraries of the international strategy of Eni, a public entity [...], recalling what was [...] the external panorama in which it was projected; which changes are underway and which ones have been announced; how harmonious the interpretation of those changes proposed by Italian political decision-makers was with that given in Eni; to what degree the responses to the EUR, to Palazzo Chigi and to the Farnesina were convergent and whether they were

then applied without significant asynchronies" (p. 213).

In the last of the five essays that make up the first part of the volume, Aldo Grasso carries out an analysis of Eni's advertising messages and communication system.

Eni brand, in fact, "has represented an important symbol of innovation and modernity since the 1950s, both at a national level and within an increasingly broader and global market" (p. 267). Eni, as Grasso states, takes up the legacy of Agip, developing its presence in the daily life of Italy which was heading towards the economic miracle and connecting Italian cities and provinces with the rest of the world. Enrico Mattei, as the author of the essay explains, wanted Eni not to limit itself to an entrepreneurial dimension within the public dynamics of Italy. On the contrary, Eni should have been seen not only as the "driving engine of the economic recovery in the post-war years", but also as a company capable of achieving a "national growth project, both ideal and economic" (p. 268). According to Grasso, Mattei intended to "restore to the world the image of a powerful Italy, endowed with precious hydrocarbon deposits, such that it could achieve reasonable energy independence and not have to depend on the Seven Sisters, which held the world monopoly on oil" (p. 268). The author, therefore, demonstrates how Eni achieved a significant position in the hydrocarbon sector through its communication strategies.

The second part of the volume, dedicated to the results of the interviews with Eni's CEOs over the last thirty years, opens with the story of the events that followed the "geopolitical earthquake triggered in November 1989 by the fall of the Berlin Wall" (p. 309). The events that characterized the years between 1989 and 1992 strongly influenced the trajectory of Eni and Italy. As the authors of the second part state, "the sudden collapse of the geopolitical framework of reference triggers profound and tumultuous changes in the structure" of Italy (p. 310). The themes that emerge from the interviews of the latest CEOs, Scaroni and Descalzi, inevitably concern current issues such as gas, Russia, and renewable sources.

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