*The Genesis of Italian Industrialization**

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The industrial development of Italy after unification has been the subject of a number of studies, of empirical and quantitative analyses, of various attempts to construct growth models and of numerous debates. These have generally been based on three fundamental, but not always explicitly stated, criteria. In the first place that process is often taken to be a purely national phenomenon, open at most to comparative illustration. Secondly the *terminus a quo* is generally taken to be 1861, the year of the formation of the Kingdom of Italy. Thirdly, analysis is frequently based on purely economic parameters — that is to say on economic events and data which derive from precedents of a similar nature.

In this paper I wish to suggest that such criteria do not permit any full understanding of the ways in which industrialization in Italy both got under way and subsequently developed in a specific historical epoch. In this sense, these criteria would appear to be inaccurate and misleading. Two quotations, the implication of which I fully share, may serve to illustrate my argument more generally. Sidney Pollard, echoing and clarifying an earlier insight

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of Schumpeter which in turn was borrowed, one might almost claim paraphrased, from an early manuscript of Marx and Engels which was « destined to the destructive criticism of the mice », has recently observed that: « we have tended to treat each country like a plant in a separate flower pot, growing independently into a recognizable industrialized society according to a genetic code wholly contained in its seed. But, this is not how the industrialisation of Europe occurred. Rather, it was a single process: the plants had a common root and were subject to a common climate. Further, the development and chronology of the industrial revolution in each area was vitally affected by its place in the general advance, by those ahead of it as well as those trailing behind it, and this relativist role must form part of any description or analysis . . . ».

The second quotation comes from Antonio Gramsci, who remarked in his prison notebooks, in the course of a polemical passage directed at Benedetto Croce's *History of Italy* and his *History of Europe in the XIXth century,* that « he neglects that moment in the struggle in which the opposing forces take shape, come together and are joined . . . the moment at which one ethico-political system begins to disintegrate and another takes shape in the furnace and arms itself . . . and at which one system of social relations gives way and collapses as a new system rises and becomes established . . . ».

In the light of these more general statements it is necessary that our discussion should turn first to concentrate on the phase which preceded the birth of the Italian Kingdom. Secondly, the discussion should be broadened to consider and evaluate developments and conditions which become apparent and noticeable only in terms of much wider economic and geographical context than the Italian peninsula alone. Finally it must also adopt a framework which is not tied narrowly to a consideration of purely economic factors and developments alone, even if these remain of central importance. The reason for this lies not in any undue support for the belief that everything depends on everything else, and that hence one element, or even a whole process, of individual development depends on everything else, nor is it in deference to the

typical common-sense belief that any event, or series of events, is unilaterally influenced by previous events, but for much more precise and, we would argue, different reasons.

It is clear for us that neither the industrial revolution which took place in Great Britain, nor the political revolution in France at the end of the XVIIIth century, can be treated simply as events marking a particular period. But there can be no doubt that they brought about major and decisive changes both in terms of the political struggles, and the development of the economies, of individual European states and of the continent as a whole, and even of the world. It was by virtue of these two events that the capitalist mode of production came to acquire that form, breadth and strength, which we would define as classical, pure and unprecedented. It was also a direct result of the industrial revolution, to turn to a third quotation, this time also from the work of Marx and Engels already mentioned, that « . . . *for the first time* industry produced world history in that throughout the world every civilized nation, and in them every individuals, became dependent on it to satisfy their needs, in that it destroyed the previously exclusive nature of the individual nations . . . ».

Let us start, then, by looking at that period following the Restoration, that is the period in which the process of industrialization which was already triumphant in Great Britain *and only in Great Britain*, began to have repercussions on other areas and in other economic and social contexts. It was also the period in which the upheavals caused by the French revolution and its outcome were creating rapid developments in ideas and political programmes, and interests, all of which were devoted to destroying the *status quo* and pressed for the establishment in Europe of the principles of individual liberty, initiative, independence and national unity.

Let us begin by establishing a number of hardly controversial points. First. The industrial revolution in Great Britain witnessed the concentrated and frenetic expansion of mechanized industries, of the factory system and industrial production and the increased importance of the latter in the nation's gross product. Second. From

this arose the contemporary preoccupation with commercial outlets and also the permanent search for supplies of raw materials and foodstuffs at prices which suited the English industrialists. Two of the best scholars of economic growth rightly referred to the period which followed as that of the « British centred world economy ». But as the industrial revolution developed, a conflict of interests became apparent between the great landowners and the new industrial middle class. Even at the end of the XVIIIth century there had been certain lively and unmistakeable skirmishes. After the Congress of Vienna it would reach resounding tones: Ricardo's essay *On the Influence of a Low Price of Corn on the Profits of Stock* had been published in 1815. What Ricardo had to say about the greater rate of production made possible by factory production in relation to agricultural production, a point which Adam Smith had already raised in his book, also springs to mind. Third. It is important to remember that while Pollard is right to talk of industrialization as a single process, the existence of independent political areas, the governments of which were based on the support of dominant social classes whose interests did not necessarily coincide with those of other important groups, must not be overlooked. The clashes between these groups and the political decisions resulting from them were of major significance for the economic development of these areas.

This then is the complex and unexplored reality which we must consider. It was marked by a predominant tendency on the part of the only industrial nation, the United Kingdom, to export industrial products, by internal conflicts in Britain just as in the other countries which were now irrevocably part of the world economy, by the existence of sovereign states and their political decisions. All this could not but modify everywhere the terms and the conditions — and this is the point we wish to emphasize — under which the consequent moves were to be taken, and so also the patterns of industrialisation outside the British epicentre.

It was that reality in particular which aroused new and growing hopes among the social groups which in the non-industrial areas of Europe in particular, but not only there, were most directly involved

in the production of primary goods, and led them to campaign for the dismantling of all remaining barriers to international trade. This paralleled the demands of the English middle class, although it stemmed from different needs. For examples one has only to think of what occurred after 1815 in Prussia, in North America and in France. Such ideas, once established, would not only have favoured the English industrial middle class in its struggle with the landed interest, but would also have consolidated and have made virtually unchallengeable Britain's role as « the workshop of the world » for the foreseeable future. At the same time these same attitudes would also have slowed down, if not completely halted, the process of industrialization, and the expansion of capitalist mode production which accompanied it, in the countries which were prepared to uphold them.

It was often the case, however, that the power and the political and economic pre-eminence of the mercantile and landowning classes, who were the supporters of such policies, were not always sufficient to impose them without concessions and compromises. The hangover of earlier mercantilist policies and the hostility of the modest, but nonetheless combative, industrial groups which had developed during and been strengthened by the Continental Blockade, all served to encourage, spread and strengthen the resistance to such policies even after the fall of the French Empire. It was also the case among certain sections of the traditional ruling classes and their political representatives, especially, although in varying degree, in the larger states, where there was an awareness that by rejecting any industrial formation or growth their countries would be reduced to a certainly subordinate, if not semi-dependent, position in relation to Great Britain, due to its overwhelming industrial strength.

The debates and conflicts which were conducted not only in terms of the ideas to which these issues gave rise were long and bitter. In the cases of France, Germany and North America they was centred on the choice of tariff policy, and as is well known it was the protectionists' camp and the desire to protect domestic markets and infant industries which finally prevailed, although

never absolutely, so establishing policies designed to open up the path to industrial development. David Landes best summarized the pattern which this took when he stated that « . . . On balance, then, emulation of Britain was probably harder after Waterloo than before. The gap in technique had widened, while most of the fundamental, educational, economic and social obstacles to imitation remained. The story of the generation after 1815 is in large measure the elimination or diminution of these, in part by state action, even more by private, entrepreneurial effort . . . ».

At this point we come to a central issue in our argument, for it is particularly striking that these conflicts and the resulting protectionist programmes, through which it was hoped that individual states might develop along « imitative » lines — to use an adjective introduced by Habbakuk some years ago — of the English experience, found only the feeblest echo in Italy amongst the social and intellectual groups who were at that very moment being drawn decisively into the debates and the movement for the unification of the peninsula's nine separate states and which are described in the traditional vocabulary of Italian historiography as « liberal-moderate ». In the Italian states, in fact, the history of the « post-1815 » generation was quite distinct from that of the ruling and industrial classes of north-western Europe summarized correctly by Landes.

Let us look more closely at what we might well call the « growth strategy » which was taking shape in the minds and policies of the social and intellectual groups in Italy we have mentioned. During a visit to Italy in 1847 to publicize his ideas, Richard Cobden politely advised D'Azeglio that he should never forget that « the Italians' steam was their sun ». But this was a reminder which no longer counted for much. There was in the peninsula no ruler like Mohammed Ali, who some years earlier had made ancient Egypt weep to him, nor were there any bitten by that demon desire to defend national industry at all costs which had so troubled the slumbers of Friedrich List and of his colleagues a few years before. One need only skim through the Italian economic social and political literature of the period to become aware that not only the

most famous champions of the Risorgimento, to whom we referred in the past as those who were on the point of « making Italy » and who were to control its fate in the first decades after unification, but also, and with very few exceptions, their opponents, firmly and without the least hesitation, rejected any form of protectionist programme designed to protect either possible nascent industries or even those weak concerns which already existed. On the contrary they were devoted to an economic policy based firmly on free trade, both in theoretical terms and also in practice when they gained control over the government or were able to influence its decisions.

These attitudes were not peculiar to politicians or intellectuals in any single part of the peninsula. In Piedmont and Tuscany, in particular, such ideas were soon followed by varying but unambiguous legislative measures, the nature of which may most easily be captured by referring to the trade agreements which the Kingdom of Sardinia, under Cavour's guidance, established with Belgium and United Kingdom in 1851 and which were based on the most explicit free-trade assumptions. The effect of these measures can best be appreciated by looking at the way in which the volume of international trade was distributed amongst different European states by the late 1850's. Holland and the United Kingdom were a long way ahead with shares of £ 18 and £ 13 *per capita* respectively. The Austrian Empire only managed a share of £ 2 *per capita*, the Zollverein £ 3, and France £ 4. On the peninsula the share of the Kingdom of the Two Sicilies stood at only some 14/— *per capita*, Lombardy-Venetia at £ 2/10/—, while both Piedmont and Tuscany found themselves ranking with France with a volume of £ 4 *per capita*. The result of their free trade policies was that these two were now fully established in the international market, and this was matched by the favour with which both government and public opinion in France and Britain regarded their policies.

At the same time the two states were established in the international economy in a way which was very particular, and there was already an awareness of this. At present we have only rather scat-

tered and uncoordinated information on the structure of the foreign trade of the individual pre-unification Italian states and much of this, together with certain conclusions, may well have to be corrected once the massive study which Ira Glazier and Vladimir Bandera are at present conducting into the terms of trade in the XIXth century between Italy and the United Kingdom (which with France carried over 2/3 of Italy's foreign trade) is published. For the time being, however, it is clear that Italy's main exports were agricultural products and minerals: sulphur, over which the Kingdom of the Two Sicilies enjoyed a natural world monopoly, boracic produced in Tuscany by de Larderel, the important iron ore deposits of Elba, and timber for building and charcoal, not to mention the huge quantities of raw and spun silk. On the other hand, her imports were dominated by English and French manufactured goods. These consisted of spun cotton and wool, cotton and woollen textiles, colonial goods and, after 1840, equipment for railway construction. The volume of all of these increased steadily from 1815 to 1860 and not only in Tuscany and Piedmont.

A trade structure of this nature served to encourage and reinforce that reluctance to attempt any « emulation of Britain » which Landes discusses, and also the aversion to industrial activities which Alfred Marshall for one deemed characteristic of the natural propensity of the Mediterranean people for non-methodical and non-repetitive labour.

In fact, as with so many industrial beginnings in the capitalist era, immediately after the Restoration it had seemed that the mass of up-to-date technological projects and undertakings which the Continental Blockade had brought into being in Italy as elsewhere might well become consolidated and progress. The numerous studies which have subsequently been undertaken show that the picture of uniform depression drawn by Tarle and accepted by many of his successors, can no longer be taken as an accurate description of the period. In 1817 an authoritative member of the florentine « Accademia dei Georgofili » was able to talk of « the majestic growth of the crafts and manufactures which has occurred in our country in recent years ».

But a balance sheet for 1861 illustrates and demonstrates a situation which was quite unambiguous. That there had been quantitative progress and that there were definite signs of significant industrial activity on the peninsula, especially in textiles, is beyond question. But a crude comparative assessment is enough to establish the nature and scale of this progress:

	United Kingdom	*France*	*Italy*
Pig iron production	4,219,000 tons	1,065,000 tons	25,000 tons
Cotton spindles	n. 34,000,000	n. 6,800,000	n. 450,000
Steam engines	2,450,000 hp.	1,120,000 hp.	50,000 hp.

Wilhelm Rustow, the military historian, ex-Prussian officer and ex-Garibaldino, was certainly being unnecessarily pessimistic when he wrote in 1864 that « Italy which in the Middle Ages was the leading industrial power is now the last. Its ancient and prosperous woollen industry is now completely ruined. The paper industry is in scarcely better condition. On the other hand the coral and glass industries are still reasonably prosperous, and the same might be said of the leather industry. The heavy metal industries are however hopelessly backward, as is the ship-building industry ». But the general report delivered at the first national exhibition held three years earlier in Florence had not been different in tone. There was a general air of disillusionment and the interest in industrial ventures shown half a century earlier had virtually disappeared.

The trading system and the general framework in which the Italian economy was established — not to mention the existence of a domestic market weighed down by a massive subsistence peasantry, in turn the product of the backward relations of production, which still prevailed in the countryside, due in no small measure to the political intervention of those who were also the greatest supporters of free trade economics — would have made it extremely difficult to embark on industrial undertakings which would and did require massive, if not necessarily impossible, investments in fixed and circulating capital.

There were of course some who did attempt to resist and try their luck, but on the whole liquid capital produced by profits

in the primary sector and by the favourable state of commerce was invested over an increasingly varied and diverse field. It was used to develop an economic system which was « complementary » rather than « imitative » in order to draw new and larger profits which in turn were re-invested in the same way. Quite a lot of discount banks were established, numerous mines were opened up, the products of which were inevitably destined for export, while increasingly, though on a scale which is difficult to assess precisely, capital was attracted first into domestic and foreign government bonds and subsequently into the railway building projects which after 1840 gave rise to a massive, speculative boom throughout the peninsula. Certainly there were sound objective motives for this, but there were also more subjective reasons and motives for avoiding investment in industry. In 1845, for example, Gino Capponi, one of the most perceptive and cultured of the Tuscan Catholic Liberals, replied to a bank manager who had asked for his advice on how best to invest a sum of eight million *lire* which he had available (the revenue of the Tuscan state at that time did not exceed 27 million *lire*) by stating: « For the security and credit of our *Cassa di Risparmio*, I pray tò God that these should never need to turn to private loans, not to mention industrial enterprises which would be even worse . . . ». This is a single example, but one which serves to support one of Gerschenkron's central theories (which also illustrates the value of reading Keynes!) that: « the existence of accumulated wealth, pure and simple, can contribute to industrialization only when it is concentrated in the hands of individuals who are prepared to venture it in risky investments ».

How then can these « exceptional » aims and results be explained? In the first place it is important to note that the theoretical and practical motives of that relatively homogeneous nucleus of « liberal-moderate » politicians and intellectuals were strongly influenced by a series of converging factors which demand some brief consideration.

The reformist tradition of the XVIIIth century was of course still strong. This could not but influence the ideas of those who saw themselves as the heirs not of the French revolution or of the other highest pinnacles of European culture, but of the long

and important experience of enlightened absolutism, which had resulted from the common interests of those monarchs who were eager to restore their authority in the teeth of feudalism and the Catholic Church and of those new social groups which desired to gain a place in the state and to guarantee and widen the free ownership of land. It was liberalism, then, which had provided the battering-ram which effected, if not the destruction of the remaining feudal system in the various Italian states, at least its massive reshaping. In face of the reactionary revival and the restored monarchies this tradition was by no means forgotten after 1815, nor was it weakened. At the same time it provided a guarantee for the traditional classes that demagogy might not triumph, and also for their opponents on the left a guarantee that the liberal background would not be broken but that it would rather, when it succeeded, be able and obliged to develop within a constitutional framework.

Secondly the ruling class was composed mainly of landowners and of intellectuals whose origins were the same and who were bound to the former. The picture varied of course: in crude terms there were capitalists from the north, semi-capitalists from the centre, in those areas where share-cropping (*mezzadria*) prevailed, and para-feudatories from the South, where Murat's abolition of feudalism had remained little more than a legislative gesture. This class developed mainly in the XVIIIth century period of reforms and possibly equally, although this period generally still waits to be studied, during the period of French rule as a result of the acquisition of suppressed church lands at low prices and of the lucrative trade in agricultural products, the prices of which were rapidly driven up, first by the massive increase in the size of the population and then subsequently by the lengthy political disturbances on the continent.

After the Restoration, in addition to working for the maximum liberalization of the domestic regimes which was an indisputable pre-condition, the basic interest of this class lay in ensuring that the products of their estates should find markets able to absorb them at the best prices and with safety. These, as we have already mentioned, could not be found at home, but only abroad, outside

the peninsula. How then could such demands be met or encouraged?

In addition to the reformist tradition and the common interests which were becoming fully articulated around it and even drew in the increasingly aggressive mercantile and financial groups who had been nurtured and increased by the growth of foreign trade, there was a third factor. The political situation itself in Italy favoured the acceptance of the liberal programme even amongst those who in practical terms had little direct interest in it. To be more precise the outworn political divisions, the persistence of numerous obstacles to the free circulation of individual and goods, the power of narrow local aristocracies and Church hierarchies which varied from place to place but was never negligible and which generally increased, during the Restoration, the existence of legislative systems still cluttered with centuries — old archaism, and the continued presence of Austria and its careful conservative policies, could not but constitute a series of conditions all of which beckoned in the directions now being defined — students, intellectuals, professionals, and so forth.

It is clear that between the free-trade programme of Cavour and that of Gino Capponi lay a major and unambiguous distinction. Cavour's liberalism was set in a broader and more explicit strategy for resurrecting Italy and also in the broader framework of Western European liberalism. It was also marked by a highly perceptive awareness of the special ties which bound Piedmont to the United Kingdom (which Nello Rosselli was the first to explore fully), yet despite its vigour it never deteriorated into a schematic or purely doctrinaire creed. Cavour was an attentive disciple of the *Wealth of Nations* and shared the vision of economic progress which it contained, but he was also a penetrating observer of his own Piedmont. He aimed to introduce into Piedmont a foreign trade policy based on exports of primary products and parallel imports of industrial goods and so succeeded in completing a process which was already under way. By modernizing the productive capacity of agriculture and by strengthening the infrastructures, such a policy would, he believed, allow for a more

prosperous development of commerce and would further strengthen the more progressive and modern social classes, the forward-looking landowners, the capitalist farmers, merchants and ship-builders, and also create stronger and more harmonious ties with the great nations of north-west Europe. These ties could then be used in turn to assist both those social classes of which he saw himself as representative, and also the state at a time of possible conflict with the overwherming power of Austria, for unlike Mazzini he was always aware that neither Piedmont nor Italy could « go it alone ».

However, in the case of Gino Capponi, and here again we are, of course, dealing not with an individual but rather with a social group — the owners of the sharecropping estates (*mezzadria*) of of Central Italy — free trade served to express a very different set of values. The landowners of Tuscany, Emilia and Umbria were strongly influenced by the pessimistic philosophy of the later Sismondi, who had stubbornly and at times immoderately attacked the advance of industrial and capitalist civilization. They saw in the combined action of the share-cropping system and free trade the best means of attaining their ideal of a balanced, atomized, and immobile society free of significant tension between the social classes.

The supporters of these different brands of liberalism, which corresponded roughly to the varying degrees of modernity and awareness of the large landowners and the regional ruling classes, came together in the two years 1859-1861 however in a common programme — the unification of the peninsula would not otherwise have been possible. It is no accident, then, that the free-trade programme was seen by many of its protagonists, and subsequently by many historians, as the economic aspect of the broader struggle for independence and national unit. One need hardly mention the support given by Ciasca, De Ruggero and Omodeo to this interpretation.

As early as 1845 Cavour, with exceptional foresight, had written that: « The commercial revolution which is now taking place in England . . . will have a mighty impact on the Continent. By

opening up the richest market in the world to foodstuffs, it will encourage their production, the principal aim, that is, of all agricultural industry which everywhere is the most important. The need to provide for regular foreign demand will arouse the energy of these agricultural industries . . . Trade will then become an essential element in the prosperity of the agrarian classes, who will then naturally tend to join the supporters of the liberal system. The producers of primary materials will come to hold the same position in relation to our monopolist manufacturers as the English industrial classes hold in relation to the landowners ». In 1847 he stated with equal clarity: « If we succeed in proving that as a result of the new customs tariff, England provides Italy with a growing and virtually limitless outlet for the *natural* products of our agriculture, it will then also be proved that it is essential and urgent to cease the encouragement, at the cost of heavy public expense, which at present we lavish on industries which are poorly suited to our economic circumstances ».

It would be perhaps an exaggeration to claim that this was a plan that was fully realized with the conquest of a United Italy by exploiting military alliance of France and political support of United Kingdom on the one hand and, on the other, the conservatism of the landowners of Central Italy, and the fear of a peasant revolution which followed the expedition of the Thousand and forced the southern landowners to abandon their own ambitions for autonomy. Even in 1859 Cavour castigated Mazzini's unitarian ideas as "madness" and promised to limit himself exclusively to annexing Lombardy and Venetia to form the basis of a Kingdom of Upper Italy, and it would not seem that the diplomatic situation permitted him any other alternative.

But, at the same time, the programme which took shape and was adopted with the immediate confirmation and strengthening of the free trade policies after the formation of the new Kingdom, the formal, peremptory and effective proof of which lay in the trade agreements reached in 1863 with France and the United Kingdom, gives cause for some consideration and evaluation. The composite social and political groups which won control and govern-

ment of the country behind the House of Savoy and its army, included the capitalist landowners and farmers of the North, the owners of the share-cropping farms of the Centre, the para-feudal latifundists of the South, the financiers and the merchants. All found in this programme and in the highly centralized state which, despite all their earlier aspirations and intentions, they rushed to establish, an effective and sound means of consolidating the existing social and economic system and of laying the basis for its permanent stability and duration.

It would, of course, be quite inaccurate and would entail telling only a part of the story, as well as violating our own initial premises, not to mention the more automatic development of external economic forces and the objective and important pressure exerted by the international division of labour which was already well advanced and of necessity made itself felt. But it would also be to neglect a further aspect were we to rely simply on this unilateral, if effective and incisive, determinant. We would argue, then, that a programme was being formulated which was based on this general development and on these pressures, but whose origins lay in the events of the decades prior to unification which we have covered here only in the form of somewhat random and partial generalizations. Its object was to prevent or limit the further strengthening of those industrial middle-class groups which had appeared through any further development of an essentially industrial economy. In this sens the question of railway construction is highly significant. Some 10,000 km of track were built in the twenty-five years after unification, yet the greater part of the materials were imported from abroad, while at the same time all the iron ore produced in Elba was still being exported. This might well have been used to establish a healthy and modern steel industry, yet the first coke-fired blast furnace on the peninsula was not to come into operation until the year 1902. It was in fact clearly foreseeable that if their strength and their weight could have been increased, the industrialists, as a social group, would sooner or later demand not only various changes in the state's economic policy but would increasingly demand a more general change in the political organization of the

state as well as a comprehensive and totally different programme of economic development for the country. The Italian moderates, and the social groups which they represented more or less directly, had observed very carefully what had occurred in Great Britain shortly before and drew from it a lesson applicable to the Italian situation. In England, the industrial middle class had after years of struggle succeeded not only in removing the Corn Laws but had also, and even more decisively, limited the power of the landed classes. The ruling classes of the new Italian Kingdom had used free trade with objectives quite contrary to those of the English industrialists, and through it hoped to block any development which might threaten to destroy their goal.

In the long run, of course, things did not work out like this, or rather worked out in a way quite different from what had been anticipated. But this brings us to a problem which is quite different from that of the genesis of industrialization in Italy.