
*The Process of Industrialization in General
and the Process of Industrialization in Italy.
Some Suggestions, Problems and Questions*

Giorgio Mori
University of Florence

1. In 1861 Italy was united under the House of Savoy as a result of the war which had been fought against Austria in 1859 in alliance with Napoleon III and of the expedition of Garibaldi and his Thousand volunteers to the South. This was the event which realized the hopes of the small groupings of the urban and intellectual petty bourgeoisie, who had at the end been drawn into the dispassionate but highly effective political and military operation energetically carried through by the firm and victorious alliance created and led by Cavour, in which the land-owning classes had assumed a hegemonic position. Their interests were expressed, however, in a great variety of ways, and they were in particular increasingly drawn towards commercial and financial activities.

The new state covered an area of 250,000 km² with some 22 million inhabitants (ranking 10th in Europe in the first respect, and 5th in the second). There were more than 15 cities with over 50,000 inhabitants (totalling 1,900,000); six were larger than 100,000 (Turin, Milan, Bologna, Genoa, Palermo and Naples - the biggest of all with 439,000). The communica-

tions net-work on the peninsula was not the most backward on the continent, with 2,000 km of railways, 85,000 km of roads (although the majority were in a terrible state), 1,032 post-offices, 10,000 km of telegraph wires, a merchant navy of some 644,000 tons (only 5% of which was steam-powered, however). Foreign trade was valued at 65 *lire* per head of the population (against 116 *lire* in France, 325 *lire* in Great Britain, and only 25 *lire* in Russia), although exports (35% of which were made up of raw and worked silk) accounted for only 2/3 the value of imports. The shortfall of income over expenditure in the State's annual budget was very nearly the same percentage.¹

Agriculture was still far and away the most productive sector of the economy, but even here it was only in certain northern areas that it was organized in such a way as to resemble the advanced zones of Central and Northern Europe (e.g. the small peasant farmers of Piedmont and the large capitalist leasehold farms of the Po Valley). Throughout the rest of the peninsula, technological stagnation and very low levels of production, essentially pre-capitalist modes of production (e.g. share-cropping tenures such as *mezzadria*, short leases encouraging soil exhaustion and preventing improvements etc.) survived unchanged.

In the secondary sector, which consisted overwhelmingly of artisan activities and domestic service, and in which there was as yet very little differentiation from agriculture, the new form of industrial production which had been born from the Industrial Revolution and which united in the factory both the new productive machinery and the wage-earning labour force had made its appearance.² The principal field in which these precocious

¹ E. CORBINO, *Annali dell'economia italiana*, vol. I, Città di Castello 1931; *Cento anni di vita nazionale attraverso le statistiche delle regioni*, Rome 1961; *Almanacco statistico europeo per il 1865*, Milan 1865; B. R. MITCHELL, *European Historical Statistics*, London 1975.

² For a recent reference to the importance of this distinction see: F. CROUZET, "Quelques problèmes de l'histoire de l'industrialization au XIXe siècle," *Revue d'histoire économique et sociale*, vol. 53 (1975), pp. 529-30. Among the factories already active in Italy

industrial nuclei were to be found was, as in the case of the take-off stages in the industrial development of other countries, the production of consumer goods, especially textiles. But the realities of the industrial preparedness of the new state are illustrated quite unambiguously by the following comparative figures:

	Cotton spindles	Pig-iron output	Steam-engines (horse-power)
England	N. 30,387,000	3,772,000 tons	700,000 hp.
France	5,500,000	967,000	178,000
Italy	450,000 (in 1867)	27,000	54,000 (in 1866) ³

The table shows clearly that while Italy was experiencing the phase of *proto-industrialization*⁴ and was not therefore part of that material backwardness and social and economic immobility which still gripped entire continents, nor was she as yet part of that large area of Europe within which the Industrial Revolution had started up and become established.

Only sixty years later, by the time of the close of the 1914-18 War, Italy had become part of that advanced area, and with

in 1861 were: Ansaldo, Pignone, Guppy, Macry & Henry (later I Granili), Breda (at that time called Elvetica), Pietrarsa, Crespi, Poma, Mazzonis, Sella, Manufacture Cotoniere Meridionali (under various commercial names), Ginori, Cini and Richard (see: A. FOS-SATI, *Lavoro e produzione in Italia dalla metà del secolo XVIII alla seconda guerra mondiale*, Turin 1951).

³ B. R. MITCHELL, *op. cit.*, passim; J. P. RIOUX, *La Revolution Industrielle*, Paris 1971, p. 67; E. CORBINO, *op. cit.*, vol. II, p. 93.

⁴ This is to use the term in a different sense from that adopted by F. F. MENDELS, "Proto-industrialization: The First Phase of the Industrialization Process," *Journal of Economic History*, vol. XXXII (1972), pp. 241-261, and is meant to characterise the period during which there is, once industrialization has actually begun, a clear predominance of consumer goods, following the well-known typology of W. HOFFMANN, *Stadien und Typen der Industrialisierung*, Kiel 1931 (which is in turn derived from Marx). The problem is discussed in G. MORI, "Il Tempo della Protoindustrializzazione," *L'Industrializzazione in Italia (1861-1900)*, Bologna 1977.

full recognition. Article 393 of the Versailles Treaty included Italy as one of the 8 most industrialized nations of the world, and this was no more than the recognition of fact. Is it possible to consider in any other way a state which held 6th position in the world for the production of steel, 5th for that of cement, sulphuric acid, automobiles and hydro-electric power, 4th for superphosphates and artificial textile fibres, not to mention 5th and 7th places respectively for the numbers of mechanical spindles and looms in her cotton industry, together with impressive plants in other sectors? In addition, both the size and capital value of business enterprises had reached impressive degrees of concentration, and compared favourably with those of the most advanced nations. For some time there had also been a general movement towards an osmotic relationship between banks and industry of major importance, and at the same time both the factory owners and the workers had been forming highly politicised, aggressive and powerful class unions.⁵

This would certainly not have caused any surprise to those in the late XIXth century like Alfred Marshall, and even in a certain sense Karl Marx, who had taken it for granted that this would be, albeit at varying paces and by different paths, the common fate of mankind, like it or not. But now we are better aware that history in fact followed a number of quite separate paths. In particular, it is clear that there came into being at a certain moment an invisible, but no less insurmountable, barrier in the path of aspirant 'newcomers', and that there were very few countries, other than the eight indicated in the Treaty of Versailles, which proved capable of fulfilling the expectations of the XIXth century observers.

⁵ For levels of production see the still very valuable I. SVENNILSON, *Growth and Stagnation in the European Economy*, Geneva 1954. On economic and technical concentration see A. CARACCILO, "La crescita e la trasformazione della grande industria durante la prima guerra mondiale," *Lo Sviluppo Economico in Italia*, vol. III, Milan 1969, pp. 187-240.

The Italian case therefore provides the unusual example of a race to catch up which was successful, the example of a country which escaped from the no-man's land between the countries in which industrial growth was self-sustaining and 'complete', on one hand, and the vast strata of backwardness on the other, to which the impetuous industrial developments of the early XIXth century had relegated the peninsula.

2. Sidney Pollard took up and revived an issue first identified by Schumpeter when he claimed some time ago that the industrial 'plants' which were nourished in the different European states all had the same roots, and that therefore the industrialization of the continent should be understood and studied as a single and unified phenomenon.⁶ We are entirely in agreement with such a line of interpretation, and as far as Italy is concerned one can go even further. Some forty years after unification, one of Italy's most eminent thinkers, Antonio Labriola, in reflecting on the weak state of the country stated: '...above all else it is in direct proportion to the differences which exist between conditions in Italy and those in other countries; it is this which measures effectively what Italy is and might become in face of the great movements of "active" history and it is this which provides an evaluation of the nation's place within what is now the world of the ruling peoples...'. This is a view which perfectly fits the process of industrialization at that time occurring on the peninsula, and it was this that we had in mind when claiming that it was possible to go beyond Sidney Pollard's statement. The methodological coherence and value of the same concept has in other contexts been noted independently first by Braudel in *La Méditerranée* and then by Perroux and by a group

⁶ S. POLLARD, "Industrialization and the European economy," *Economic History Review*, vol. XXVI (1973), pp. 636-648. A similar interpretation can be found in E. HOBBSAWM, "The XVIIth century in the Development of Capitalism," *Science and Society*, vol. XXIV (1960), pp. 97-112.

of English and American economists.⁷ In fact, it would be difficult to deny that the industrial development of the area which shortly after became the Kingdom of Italy had not encountered grave difficulties and obstacles in its slow and tormented phase of take-off, which can be fixed in the period of French occupation at the start of the century,⁸ due to the shifts in the 'world market' which arose from, and were increased by, the application of Ricardo's theorem of comparative costs by the industrial powers. As a result of these shifts, the Italian regional states, and after them the national state, saw themselves forced into a bond of dependent reciprocity with the industrial states.⁹ More controversial, although in our view not unduly so, is the argument that, thanks once again to another shift of the 'world market' in what Lenin called the 'latest stage' of capitalism, the imperialist phase, Italy's industrial development received a major stimulus, in the 'completion of the process'.¹⁰ This was the founding of the new mixed banks, undertaken by and large by leading financial interests in the German Reich. The new banks, the *Banca Commerciale* and the *Credito Italiano*, saw the creation of a coke-based steel industry, of the massive hydro-electric power

⁷ F. BRAUDEL, *La Méditerranée et le Monde méditerranéen à l'époque de Philippe II*, vol. II, Ch. VI, Paris 1949; F. PERROUX, *Indépendance de la nation*, Paris 1969; E. A. G. ROBINSON (ed.), *Economic Consequences of the Size of Nations*, London 1960.

⁸ As is indicated by a number of recent studies which have served to weaken the older thesis put forward by E. V. TARLE, *Le Blocus Continental et le Royaume d'Italie*, Paris 1928.

⁹ A fine example of this in Richard Cobden's statement to D'Azeglio in 1847: "... the Italians' steam is their sunshine" (cf. A. FOSSATI, *op. cit.*, pp. 344-345). Somewhat earlier he had expressed his disappointment that "the finest raw cotton which ought to be sold to us" was being worked domestically in Egypt as a result of the initiative of Mohamed Ali (see J. MORLEY, *The Life of Richard Cobden*, vol. I, ch. 3, London 1893).

¹⁰ For an examination of this concept with reference to the appearance and subsequent predominance of the sector devoted to the production of the means of production, see: G. MORI, "Processo d'industrializzazione e Storia d'Italia," *Belfagor*, a. XXIX (1974), pp. 609-632 (now in G. MORI, *Il Capitalismo Industriale in Italia*, Rome 1977). For the definition of imperialism as the "latest" stage of capitalism, rather than the "highest" or "final", in the first edition of Lenin's essay, and its implications, see: W. KULA, *Problemi e metodi di storia economica*, Milan 1972, pp. 138-9.

industry, and later gave an essential aid to the major concerns in other decisive industrial sectors (among them Fiat and Montecatini). To take up not entirely by accident a phrase used by Gerschenkron in his masterly paper at the Aix-en-Provence Congress, one can ask whether it is appropriate to see Italian industrialization as a process of 'derived industrialization,' let loose by the mighty 'invisible hand' of the world market, the nerve centres of which were Labriola's 'ruling peoples,' Braudel's states of major size and power, and Perroux's 'independent nations'?¹¹ *In looking at Italy are we not in fact confronted with the case of a pursuit which was undertaken, and which succeeded, due to the exogenous propulsion which first pushed in the wrong direction, but which subsequently made it possible for the Italian economy to enter into the right orbit? In certain respects, and in very general terms only, the answer is yes.*

We must also pay careful attention, however, to another phenomenon which is to our mind beyond doubt, and that is the visible parallelism between the formation of a market which stretched beyond Europe to embrace the world, riding the crest of the most advanced processes of industrialization, and the birth and the gradual strengthening of the nation states and their governmental apparatus. The latter, of course, had the consequence of introducing, or at the very least of aggravating, important degrees of separateness and, more often than not, conflict amongst the industrialized nations, between those which were not and still are not industrialized, between the two groups and within the two groups, now on an individual basis, now on a collective basis. For the same reasons, the same problems appeared within the national groups of the ruling classes both within and outside Europe. Only deep and heartfelt devotion to his own benign understanding of the world could have led a man like Karl Polanyi to refer to the century between 1815 and 1914 as 'the

¹¹ For an incisive methodological discussion of this see L. DE ROSA, "La Rivoluzione Industriale in Italia," *Rassegna Economica*, a. XXXV (1971), reprinted in L. DE ROSA, *La Rivoluzione Industriale in Italia e il Mezzogiorno*, Bari 1973.

Hundred Years Peace'.¹² Therefore, even if it means falling back on a problematic generalization, it is important to draw attention to the dynamic contradiction which existed between the tendency towards *economic internationalization*, on one hand, and the *political fragmentation* of the planet on the other. Certainly this is an issue which is far from clearly or precisely expressed, but if we accept that it contains a degree of truth, it merits a more serious discussion of the problem of the relationship between politics and economics. In particular, given that the state represents the highest and most concentrated form of political organization, we must examine the political options adopted at a strategic level in each country confronted by the onset of industrialization. This in turn must involve the decisions, tendencies, and values of the local ruling classes, and the nature of the divisions and conflicts among them, and equally important, if not more so, the phenomenon of class struggle, once it has attained a mass character, must also be taken into account. If we agree with Gerschenkron that '...simple availability of wealth will be helpful for industrialization only if it is assembled in the hands of the peoples who are... willing to invest it in industrial ventures themselves...' and that '...apprehensions on the part of the landowning classes lest industrial development should deprive them of their position of pre-eminence within the community...' might constitute an insuperable barrier to this, what we have said above takes on an even greater heuristic significance in so far as Italy is concerned.¹³ Let us look

¹² K. POLANYI, *The Great Transformation*, Ch. 1, New York 1944.

¹³ In this context the pioneering remarks made by H. J. HABBAKUK, during the round-table debate held in 1952 by the International Economic Association at St. Margherita Ligure on the types of imitative and non-imitative reactions to Britain's industrial primacy in the different European states are still worth remembering. The issue of imitation naturally relates to objectives. The quotation of Gerschenkron are from "Reflections on the concept of 'pre-requisites' of modern industrialization," *L'Industria*, a. XLII (1957), p. 363, reprinted in *Economic Backwardness in Historical Perspective*, N.Y. 1962. For an example of the case of a bank with extensive capital available, which

again at what Labriola had to say: '...I use the terms *active* and *passive* as examples of the theoretical extremes of comparative value, which are established through... a multitude of transactions. No-one I think could deny that Italy was in a certain historical sense *active* even in the period in which national unification was being prepared'.¹⁴ There can be little doubt that the forces, interests and programmes which arose from and were bound together by the complementary economic conditions of the peninsula, on one hand, by the economic weaknesses and by the social groups which dominated the pre-unitary states on the other — and which then became the same interests, forces and programmes of the socio-political alliance which achieved national unification — *operated* with exceptional energy, intelligence and realism. The effect of this was that within the value system and culture that came into being as a result, and also in practice, a single general notion prevailed which proved binding in the long term and which was in total harmony with a dependent and subordinate development of the national economy. What might from outside appear to have been essentially *passive* characteristics, resulting from unavoidable necessities, were in fact *also* the product of *active* tendencies and desires.

In our view this general line had three principal features: a foreign trade policy which was dominated by the extreme free-trade ideas of the commercial and financial groups, and in particular by the land-owners who were directly involved in the highly profitable export of raw and worked silk (which until the end of the century continued to account for 30-35% of all exports), and which found their fullest expression in the commercial treaty of 1863 with France; a willingness to allow massive and

was not attracted to industrial investment, see G. LUZZATTO, *L'Economia Italiana dal 1861 al 1914*, Milan 1963, pp. 151-2.

¹⁴ This and the earlier quotation from Labriola come from A. LABRIOLA, "Da un secolo all'altro" in A. LABRIOLA, *La Concezione materialistica della Storia*, ed. E. GARIN, Bari 1965, pp. 347-8.

continuous exports of the country's natural resources — iron ore, mercury, lead, zinc; sulphur (over which Italy enjoyed a natural world monopoly up to 1890)¹⁵ — to take place; an unyielding defence of the relations of production in the countryside which we have mentioned, which prevented any strengthening of the internal market, itself the indispensable basis for consolidating a developing industrial structure.

The ways in which the unified state — which Rosario Romeo has rightly described as 'the most important event in our history in the XIXth century',¹⁶ and this is equally true from the point of view of economic development — came into being did not prevent certain social groups within the country remaining *active*, and amongst them the industrialists in particular, which could not fully identify their interests with the general objectives which were becoming established. The larger market now in theory available, the defeat of the traditional ruling forces (the former sovereigns, the nobility, the Church), together with the incomparably greater material opportunities of the new state and the obvious uncertainties of the political leadership, all served to keep the industrialists in touch with events and encouraged them to work patiently and constructively. This is shown by the tone of certain parliamentary debates, by the national industrial survey conducted in 1872, by the struggle for a more rigid tariff policy which culminated in the new tariffs of 1878 and 1887, and by the growing public interest in and sympathy for the industrialists' difficulties. It is revealed even more fully by the continuous, albeit slow and

¹⁵ On the treaty with France see: C. FOHLEN, "Il trattato di commercio franco-italiano del 17 gennaio 1863," *Archivio Economico per l'Unificazione italiana*, s. I, vol. XII, Rome 1963. The figures on silk and natural products are from *Sommario di Statistiche storiche 1861-1955*, Rome 1958. On the termination of Italy's sulphur monopoly see M. COLONNA, *L'industria zolfifera siciliana*, Catania 1971, pp. 188-92; also W. HAYNES, *Brimstone, the stone that burns*, Princeton-New York 1959; the slenderness of the internal demand for industrial products has not been discussed by anyone.

¹⁶ R. ROMEO, *Risorgimento e Capitalismo*, Bari 1963, p. 110.

lurching, growth in the country's industrial plant. Although this experienced periods of great difficulty and even crisis, it must also be remembered that it was the result of a political and social struggle the outcome of which remained unpredictable for a considerable time. In any case, this was the period which saw the founding of a whole series of vast new industrial concerns, the Terni steel works, the Pattison iron foundry, the Orlando ship-yards, Moncenisio, Riva, the Armstrong ship-yards, the Voltri steel works, the Franco Tosi engineering works, the Cirio and Peroni food and drink industries, the Montecatini mineral industries, the Pirelli rubber industry, the Balzaretto and Modigliani glass-works and De Angeli Frua and the National Hemp and Linen Manufacturers in textiles (which after 1866 included the Rossi and Marzotto woollen industries too), and Italcementi. The number of spindles in the cotton industry exceeded 1.5 million, the total factory power available reached 400,000 h.p., the capital assets of public companies rose from 200 million lire in 1872 to over 500 million in 1891, and even the banks were drawn in some measure into the financing of industrial ventures.¹⁷ For the reasons described above a less sullen attitude on the part of the State began to emerge — although neither the extent nor the effects of this should be exaggerated — but also, and above all, an opportunity for the industrialists, which they defended to the very last, to press down on the cost of labour to the loss of a dispersed working-class which was still weak and disorganized despite the few although endemic strikes and disruptions: Stefano Merli's recent important study provides valuable evidence of this entire process.¹⁸

The profound crisis which struck the country in the early 1890's seemed to throw open to doubt even these achievements when stability and the liberal regime returned. It should be

¹⁷ A. FOSSATI, *op. cit.*, *passim*.

¹⁸ S. MERLI, *Proletariato di fabbrica e capitalismo industriale*, Florence 1972.

noted that the country's industry would not have come out of that crisis into the phase of massive growth which was to change radically both its appearance and structure, had it not been for the drastic reorientation which was brought about by the influx of capital, techniques and entrepreneurial leadership from Germany. The process was then politically rationalized in the years generally referred to as 'the Giolittian age' (the years between the beginning of XXth century and World War I).

Was this then the consequence of a parallelogram of endogenous and exogenous forces which, at a certain juncture, made it possible for the barriers to be broken down and for Italy to move into the industrialized phase? In many respects, and as a second degree generalization, the answer is yes.

3. As we have already pointed out, industrialization in Italy can be said to have been achieved about 1920. But that is also the period which coincides with the collapse of the liberal regime and the fascist seizure of power. The debate on the relationship between industrialization and the victory of fascism is still one that is very open, and little general agreement has so far been reached. The problem is that the debates have not yet been accompanied by adequate critical research and analysis. The result is that opposing interpretations, many of which are extremely lucid in their own terms, and the general ideological assumptions from which they derive, tend to clash head on to little useful purpose. This means that even today the debate tends to be polarized round two extreme positions established quite some time ago, even though the originals may have been altered and refined in one way or another. The first position takes fascism to be 'the means by which the agrarian elite attempted to hold back the speed with which industrialization was advancing, and to control the ways in which it developed', while the second is based on the contrary conviction that fascism was the

functional result of 'the needs of productive capital, and especially those of heavy industry'.¹⁹

Let us try to identify some of the features of the problem on which there is a certain degree of agreement: a) as in the case of national unification, fascism provides a further example of a *political* event which was to have an enormous influence on the country's industrial development and which accentuated the originality of the turn which it was to take; b) the coincidence between the moment in which the full completion of the process of industrialization was achieved and the fascist victory is, if we are not mistaken, unique in the process of national industrializations. Starting from these assumptions, we should again draw attention to the fact that, in our view, the completion of the process of industrialization took place in Italy within a very short time span, roughly between the turn of the century and 1920. It is well known that it was during this period that the following industries came into being: coke-based steel production, hydroelectric power production (and the geothermal energy industry which was unique in the world), the motorcar industry (Fiat and others), the aeronautic industry (Caproni), the Solvay soda, the chlorine, synthetic ammonia, dyes and intermediate colour industries. Similarly there was expansion in the consumer goods industries, and the development of the artificial textile fibre industry was accompanied by an increase in the number of cotton spindles from 2 to 4½ million and from 200,000 to 500,000 in the case of wool. The number of sugar factories rose from 28 to 55; breweries from a mere handful to some 89, and the dairy industry was rapidly modernized. The following table gives an impression of the enormous

¹⁹ For the two extremes see A. F. K. ORGANSKI, *The Stages of Political Development*, New York 1965, p. 157; V. FOA, *Introduction to P. GRIFONE, Il Capitale Finanziario in Italia*, Turin 1971, p. XXIV.

leap in production which accompanied this structural step forward:²⁰

Year	Electri- city	Steel	Hydro- Chloric Acid	Sulphu- ric Acid	Cotton yarn	Cement	Sugar	Beer
	mill.kwh	tons	tons	tons	tons	tons	tons	hl.
1898	100	108,501	7,251	139,271	118,000	100,000	5,973	132,696
1920	4,690	773,761	17,425	563,200	148,220	1,200,000	124,392	1,157,024 ²⁰

Clearly the effects of a leap of this sort could not be confined within the boundaries of the factories alone nor even within their board rooms.²¹ To trace the full direct and indirect consequences of this change would, however, involve recounting the entire history of the country in these twenty years. For our present purposes it is enough to bear in mind that from the background of a unmistakable political and cultural movement which tended to exalt nationalist sentiments, and which drew substance from the development of a political alliance which was both hostile to Giolitti and favourable towards the Entente powers, emerged a demand for what one of the nationalist leaders described as 'economic independence' — in other words, independence from the German economy (and from the banks which were held to be its tools). This tendency is best known

²⁰ *Sommario*, cit., passim. Overall horsepower must have more than doubled between 1900 and 1920. In the same period industrial joint-stock companies increased their share capital four-fold (in constant lire prices). See F. COPPOLA D'ANNA, "Le società per azioni in Italia," Ministero per la Costituente. *Rapporto della Commissione economica*, II. *Industria*, III. *Appendice alle relazioni*, Rome 1946, pp. 259 and 263.

²¹ As has rightly been pointed out: "... it is too frequently not taken into account that a rushed, violent and chaotic renewal of some sector of the economy may in the short term lead to... a rapid increase in production and to intense growth, but that it may also bring about a profound fracture between what is modern and what is not in the economic system. As a result a whole series of tensions and conflicts come into being which tend to upset the social, political, spiritual and cultural life of a nation, even their very moral and religious foundations" (H. ROSENBERG, *Grosse Depression und Bismarckzeit*, Berlin 1967, pp. 57-60).

for the inflammatory and scandalized journalistic features which it assumed, rather than for the realities which lay behind it. But there can be little doubt that while it grew in certain branches of heavy industry which were not connected with the 'mixed banks' — Ansaldo provides a good example of this — there is also evidence that such views were also held by men who were connected with the 'mixed banks'.²² On one hand, such views were not unimportant in bringing about the declaration of war on the central Empires, but they also served to sanction a split within the industrial and banking ruling group over the strategy and management of the country's economic development. In the long run this also served to aggravate even further the political and social divisions within the country resulting from the declaration of war, which were made all the deeper by the existence of the mass socialist and Catholic opposition.

It was not possible to bring about any reconstitution of the ruling group either during the four years of war or after the victory. For complex reasons rooted in the need to convert and reconvert twice within a short space of time the country's productive capacity, in the heated open controversy over who should bear the material costs of the war which had been increased by the heavy burden of war debts, and in the unprecedented militancy of the working classes whose forces, albeit divided and uncertain, were growing from moment to moment, the clash of interests, the class struggle, and the political battle-group became embittered as never before. It is for this reason that we are more inclined to see the rise of fascism as a means of

²² On this last point see E. GALI DELLA LOGGIA, "Problemi di sviluppo industriale e nuovi equilibri politici alla vigilia della prima guerra mondiale," *Rivista Storica Italiana*, a. LXXXII (1970), p. 862, which is also useful on the attitudes of Ansaldo, and also G. MORI, "Le guerre parallele," *Studi Storici*, a. XIV (1973), now reprinted in G. MORI, *Il Capitalismo, ecc.*, cit., pp. 170-73. M. MARAVIGLIA, "Per l'indipendenza economica d'Italia," *L'Idea Nazionale*, March 3, 1915 was among the first, it not the first, to use the phrase.

'reconstituting from above' the unity of the dominant classes, rather than as a 'preventive counter-revolution'.

As we have already said, what we are concerned with at present is the way in which the changes in the political regime were related to the development of the country's industrialization. Let us pause to consider the quantitative aspects of a) structural evolution, and b) productive development, in the following tables:

a)	1	2	3	4	5	6	7	8
1927	3,391,310	26.5%	20.6%	3,257,466	43.39%	33.40%	12,500 (1922)	24.96%
1937	4,360,054	31.4%	24.72%	6,154,639	51.54%	44.22%	37,720	68.31%

- 1) Total numbers employed in industry;
- 2) Percentage of industrial employees in concerns with over 250 employees;
- 3) Percentage of employees in iron & steel, chemicals and engineering alone;
- 4) Total industrial horse-power;
- 5) Percentage of the total energy supply in concerns employing more than 250;
- 6) Percentage of energy supply (h.p.) in metallurgical, chemical and engineering industry;
- 7) Total capital of manufacturing joint-stock companies (in thousand million lire);
- 8) Companies with over 50 millions of lire in share capital as a percentage of column 7.

b)	1	2	3	4	5	6	7	8	9	10	11	12
1923	5,610,000	1,142	26.5	993	37	164	2,300	319	1,465	4.8	229	0.9
1939	18,417,000	2,283	65.8	2,055	69	192	5,024	441	830	53.6	531	518

The figures are in thousands of tons except where otherwise indicated:

1) electrical energy (1000 kws); 2) steel; 3) hydrochloric acid; 4) sulphuric acid; 5) motor cars (n.); 6) cotton yarn; 7) cement; 8) sugar; 9) beer (1000 hl); 10) artificial textile fibres; 11) paper and cardboard; 12) petrol.

The value of annual industrial production was calculated at the time of the industrial census for 1937-40 to be about 150 thousand million lire (about one third of the English figure for 1935), and shortly after it was shown that in the principal industrial sectors decisive shares were held by only a very limited number of companies.²³

Figures of this sort indicate that it is very difficult to distinguish Italy's industrial development from that of other countries. However, the most recent studies on the Italian economy in the fascist period have tended to reject conclusions of this nature,²⁴ and, instead of treating 'the fascist economic system' as an 'alternative' — a 'third way' — to capitalism and socialism, they have been more concerned to reopen the whole issue. Let us first consider the government's economic policies. Although the reasons for the continuing subordination to foreign economies remained unchanged (in fact the burden of war debts together with the strengthening of the nation's industrial capacity, which had the result of increasing the need for raw materials and supplies of energy, may well have served to make this dependence even greater), and although the identities had changed (in that the USA had become Italy's principal creditor and partner in place of Germany), the impression given by recent

²³ On this, see the report in MINISTERO PER LA COSTITUENTE, *Rapporto, ecc.*, cit., II, I, vol. 2, pp. 216-7. The production values are taken from the industrial census for 1937-40. Table a) is reconstructed from data to be found in that census, together with that of 1927, and for columns 7 and 8 we have drawn on the *Notizie statistiche sulle società italiane per azioni* (Rome 1928 & 1938). Table b) is based on the *Sommario, ecc.*, cit.

²⁴ Although G. GUALERNI, *Industria e fascismo*, Milan 1976 seems to do so, albeit departing from a new line of argument.

studies is that immediately after the seizure of power the fascist government embarked on a series of measures which were designed to reduce that dependence. Examples of this are the cancellation of the Sinclair franchise for prospecting and exploiting combustible fuels in the Italian subsoil, and the later rejection of the Ford proposal to establish a motor-car factory in Italy, and then the deflationary tendency which culminated in the 'quota 90' and the 'battle for grain', together with the centralization of the banking system.

A careful examination of the development of the Italian industrial system in the first ten years of fascist rule gives the same impression. The available sources, however, mean that it is virtually impossible to attempt anything more than a theoretical assessment of the distribution of investments and their movements over time, and the difficulties are even greater when it comes to differentiating between specific industrial sectors. But if we take as a crude indicator the capital of the joint-stock companies — which according to estimates in the 1930's held about 40% of the country's industrial patrimony — we can devise the following table showing the percentage distribution of this capital, following the current statistical groups, in the period between 1916 and 1931:

Industry	1916	1920	1923	1926	1929	1931
Manufacturing	72.33	73.79	68.56	63.61	59.35	54.60
Mining	5.69	6.39	7.85	7.43	6.93	6.80
Building	3.17	3.06	4.24	4.05	4.65	5.03
Electricity	18.81	16.76	19.35	24.91	29.07	33.57
	100	100	100	100	100	100 ²⁵

²⁵ We have drawn on the *Notizie statistiche, ecc.*, cit. (various years).

There is hardly any need to comment, and a comparison of the development of the manufacturing and electrical sectors shows the solid and massive growth of the latter during the period in question. Between 1923 and 1931, the electrical industry absorbed about 50% of the 18 thousand million lire increase in the country's joint-stock capital. Was it the case that the demand for 'economic independence' which had grown popular before the war was then taken up subsequently — and at once, rather than in the 1930s — in the shape of a strategy of creating independent energy resources? (Between 1923 and 1939 electrical power rose from 32.6% to 48.6% of the total energy consumption).²⁶ More research is needed, but there is already sufficient evidence to justify the question, and indeed another. Was there any significant connection between the change in pattern and the trend towards investment in electrical energy, which the table shows to have taken place between 1920 and 1923, and the advent of a regime which was by nature likely to be sympathetic to such a strategy?

Despite the support of American finance — and it should be noted that, as the Sinclair and Ford affairs demonstrated, the attitude toward finance was different from that toward industry — the effort was immense. It was made all the more difficult by the struggle which took place again on this issue (although it is doubtful whether it had ever really died down) between the overwhelmingly powerful industrial and banking groups who were involved up to the hilt in the development of the electrical power industry — the *Banca Commerciale Italiana* and the *Credito Italiano-Edison* group (whose policy was quite different from that of the *Confindustria*).

It is probably to this effort and to the struggles which surrounded it, as well as to the consequences of the world slump and the series of gambles taken by bankers and entrepreneurs, that

²⁶ MINISTERO PER LA COSTITUENTE, *Rapporto, ecc.*, cit., II, I, vol. 2, pp. 74-5.

we should look to discover the origins of the massive operation which in 1933 led to the creation of IRI, and the resulting transfer into State ownership of a large number of concerns previously tied to the mixed banks, and later of the banks themselves. Thereafter in no other capitalist country did the state own as large a proportion of the national industry as in Italy.²⁷ Clearly the whole nature, implications, and wider significance of such an event which in many ways seemed to anticipate similar experiments elsewhere need to be looked at much more closely than is possible here. But we should at least point out that it constituted a second possible 'distinguishing factor' in Italy's industrial development between the wars in comparison with other industrial countries. A third can be found — and despite the fact that Meier argues that this was not important and Sarti has claimed that it can be discounted I have absolutely no doubts on this score²⁸ — in the destruction of political freedom and therefore of the freedom of the unions which resulted from the establishment of fascism. As a result, the industrialists gained enormously increased profit margins and a much greater degree of control over the running and organization of industry and the labour market than had even been the case before. The decline in real wages of some 15% between 1923 and 1939 was only one facet of the conditions which made the Italian industrialists amongst the most 'privileged' and envied internationally.²⁹

²⁷ As was stated shortly after: "IRI is involved in a complex of share-holding companies whose capital amounts to 44.15% of the capital of all share-holding companies in Italy; it holds majority shares equivalent to 17.80% of that total and minority shares equivalent to 2.37% (O. LEFEBVRE D'OVIDIO, "L'azione dell'I.R.I. per la riorganizzazione dell'industria," *Rassegna Economica*, vol. VIII (1937), p. 192). The best reconstruction of the events leading to the founding of I.R.I. is in G. TONIOLO, *Crisi economica e simobilizzo pubblico delle banche miste: 1930-1934* (A discussion paper delivered to the Convegno of Ca' Foscari, Venice 15th-16th April 1977).

²⁸ See R. SARTI, *Fascism and industrial leadership in Italy*, Berkeley 1971, and C. S. MEIER, *Recasting bourgeois Europe*, Princeton 1975.

²⁹ On wages see V. ZAMAGNI, "La dinamica dei salari nel settore industriale," *L'eco-*

With her attack on France in June 1940 Italy entered the Second World War as Germany's ally, but only on paper were they on an equal footing. The reality was that despite the major advances which had been made in the electrical industry and in the hunt for locally produced raw materials and their substitutes, despite the vaunted launching of the campaign for autarchy and the conquest of an empire, it was soon all too obvious that the dreams of 'economic independence' were still no more than dreams. In an international situation such as that which developed after 1929, where autarchy was not simply talked about but put into practice as warlike military and political formations took up their positions, a country such as Italy whose industries required ever increasing supplies of raw materials,³⁰ at a time when she could no longer count on the remittances of her emigrants to right her balance of payments as in earlier years, when she must renounce the dollars of her financial tutors across the Atlantic, quickly found herself confronted by the necessity of making a choice. The government and the fascist party, and with them the group who controlled Italian industry, albeit with some misgivings and doubts, ended up by allying themselves to their aggressive northern neighbour. From that moment onwards it became increasingly difficult to withdraw from what Mussolini called the 'test of war', and equally, once again, from a situation of growing subordination.³¹

nomia italiana nel periodo fascista, ed. P. CIOCCA & G. TONIOLO, Bologna 1977. For a local study see G. SABELLI, *Fascismo, grande industria e sindacato. Il caso di Torino*, Milan 1975. On an aspect of employer-worker relations which is of great interest see: D. PRETI, "La regolamentazione delle controversie 'individuali' di lavoro in regime fascista," *Studi Storici*, a. XVIII (1977), pp. 125-69.

³⁰ A striking picture of the situation can be found in MINISTERO DELL'INDUSTRIA, COMMERCIO E LAVORO, *Relazione del servizio minerario nell'anno 1939*, Rome 1945, pp. 5-6.

³¹ It even came to the point that the German Minister of Economics, Walther Funk, argued openly that Italy should be asked to strengthen its agriculture, while all industrial growth was reserved for Germany. This is evident from the memoirs of the former Italian Minister F. GUARNERI, *Battaglie economiche tra le due grandi guerre*, vol. II, Milan 1953, pp. 312-3.

Military defeat and the profound changes in international relations after the war brought about radical changes in Italy's industrial structure and its development, as is well known. But the parallelogram of endogenous forces which had brought about the completion of Italy's industrialization process continue to influence perhaps more than ever, and perhaps more than in any other industrial country, the structure of Italy's economic development, even though the nature of the pressure changes and is changed. Unless we are dealing with a 'historiographical illusion', studies on Italian industrialization are still very far from being able to provide a coherent and detailed picture of the workings of this dual mechanism. And this, to conclude, will be evident from the general problems, sketches and questions, together with the silences, intentional and otherwise, which run through and dominate this paper.

August 1977