

# Italy's Choice of Europe and the Challenges of Modernization

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Every historical moment, as Edward Carr reminded his BBC audience in the 1950s, elicits different historical questions.<sup>1</sup> Ever since the onset of the European crisis in 2008 and more especially since Brexit, questions have arisen concerning the nature and implications of the European integration process.<sup>2</sup> It is now time for historians to seek a new research agenda.

When talking about the European choice of its original member states, it has become a commonplace to begin by referring to Alan Milward's opinion, according to which the inner sense of this choice rested on the need to internationalize "some national policies aiming at national reassertion" in order to make them viable. "National reassertion" implied special concern for voter consensus in the new imperatives of post-war representative democracy. This could best be achieved by providing "security and prosperity" to

"three large, overlapping categories of voters whose demands on central government had hitherto been imperfectly met or even refused: labour, agricultural producers, and a diffuse alliance of lower and middle-income beneficiaries of the welfare state".<sup>3</sup>

European governments tried to win the allegiance of such voters through higher levels of employment, support for agricultural incomes, fiscal policies aimed at income redistribution, welfare schemes, and strong public involvement in the national economy (through planning, state management, investment schemes or nationalization).<sup>4</sup> Such measures required financing, and growth through industrialization was seen as the best way to provide it. Tariffs and quotas would not do the job: under the new structural requirements of capitalism, economic efficiency entailed larger production units and bigger markets instead.

"The outcome was a search for a new form of neo-mercantilistic commercial policy which could combine a more rapid trade expansion with more selective and more easily adjustable forms of protection".<sup>5</sup>

1. My thanks to Carlo Spagnolo, whose suggestions brought improvement and clarity to what follows, and to Nigel Griffin, who tightened footnotes and text in a valiant attempt to overcome their inconsistencies. Responsibility for errors and omissions is mine.
2. E. CARR, *The New Society*, Macmillan, London, 1996 [1951].
3. A.S. MILWARD et al., *The Post-War Nation-State*, in: Idem., (ed.), *The European Rescue of the Nation-State*, Routledge, London, 2000 [1992], pp.21-45 (pp.27,45).
4. See A.S. MILWARD, *Allegiance: The Past and Future*, in: *Journal of European Integration History*, 1(1995), pp.7-19 (esp. p.14); Idem., *Foreign Trade, Economic and Social Advance, and the Origins of the European Economic Community*, in: Idem., *The European Rescue...*, op.cit., pp. 119-223 (esp. pp.119-134); *Le changement dans la continuité*, in: *Le Débat*, 91(1996), pp.134-141.
5. A.S. MILWARD et al., *The Frontier of National Sovereignty: History and Theory 1945-1992*, Routledge, London, 1993, pp.6,9.

European integration, then, was not the outcome of some federalist political ideal nor of liberal economic theory; rather, it developed out of the struggle to devise a middle way between unsustainable protectionism and no-holds-barred liberalization. More properly it was, in the words of Barbara Curi, the outcome of an effort throughout the twentieth century to create a large market capable of becoming “a place of economic modernization” and, at the same time, a “bulwark of social and political equilibrium”.<sup>6</sup>

Most commentators, whether or not they agree with Milward, overlook the implications of his views. In particular, the social purpose behind the European option taken by member states is downplayed and presented as a simple question of the economic interest of the most powerful players.<sup>7</sup> In *The Choice for Europe*, Andrew Moravcsik explains it as the outcome of “rational choices” by national leaders prompted mainly by “the commercial interest of powerful economic producers and [...] the macroeconomic preferences of ruling governmental coalitions”. National leaders’ decisions, albeit they evolved “in response to structural incentives in the global economy”, were driven by three considerations:

“patterns of commercial exchange, the relative bargaining power of national governments, and the incentives to enhance the credibility of interstate commitments. Most fundamental of these was commercial interest”.<sup>8</sup>

The Italian experience does not fit this view of the social dimension of the European option. Indeed, it contradicts it. The “interests” in play went far beyond the presumed commercial gain of powerful groups. The prospect of European integration provided an occasion to confront some of the most agonizing dilemmas involved in modernization and, in particular, the possible consequences of Italian membership for the North-South divide, for industry *versus* agriculture, and for the struggle between labour and capital. Devising a European strategy required an understanding of these challenges and decisions about how costs and benefits might be distributed.

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6. B. CURLI, *Grande mercato e diritti sociali nell'Europa del Novecento*, in: *Memoria e Ricerca*, 13(2003), pp.1-18.
7. As it happens in W. KAISER et al., *The History of the European Union: Origins of a Trans-National and Supranational Polity 1950-72*, Routledge, London, 2008, pp.1-11 (p.3); Idem., *From State to Society? The Historiography of European Integration*, in: M. CINI, A. BOURNE (eds), *Palgrave Advances in European Union Studies*, Palgrave Macmillan, Basingstoke, 2006, pp.190-208.
8. A. MORAVCSIK, *The Choice for Europe: Social Purpose and State Power from Messina to Maastricht*, UCL Press, London, 1998, p.3; critique of Moravcsik’s “dehydration” (i.e. the poverty of explanations) in: P. ANDERSON, *The New Old World*, Verso, London, 2009, pp.82-89 (esp. p.89).

The methodological difficulties involved in making sense of this set of questions is not an excuse for disregarding them. Despite efforts by historians of international relations, there is still room for enriching our view of Italy's choice of Europe.<sup>9</sup>

Two key questions at the heart of the problem were debated, some twenty years ago, by Federico Romero and Paul Ginsborg. In a provocative piece, Romero lamented the inadequate attention devoted to Europe by contemporary historians dealing with Italy. Yet Italy's choice of Europe had been primarily “a question of national development, both in the sense of growth and economic modernization, and of political and constitutional stabilization”.<sup>10</sup> But what kind of modernization? Romero rebutted the widespread tendency of historians to see Italy's experience as “defective” and suggested that it indirectly endorsed a vision of modernization as a standardized, linear process modelled on US experience.<sup>11</sup> He saw no need for further clarification since, for historians, modernization – the never-ending reconfiguration of society since the Enlightenment introduced the idea of Progress (and its presumed aim of modernity) – is a moving target to which sociological indicators are a poor guide.<sup>12</sup>

In a lively rejoinder, Ginsborg stressed a “lack of commitment” among the Italian political class to the pursuit of Italian “national interest in Europe”, occasioned by “structural flaws” and a peculiar political culture in which the national agenda was dictated not by

“the construction of a nation, but mostly to satisfy sectorial interests, local clienteles, and to preserve the power of some individuals or factions”.<sup>13</sup>

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9. See A. VARSORI, *La Cenerentola d'Europa? L'Italia e l'integrazione europea dal 1947 a oggi*, Rubbettino, Soveria Mannelli, 2010 (esp. pp.18-23); also M. NERI GUALDESI, *L'Italia e il processo di integrazione europea*, in: L. TOSI (ed.), *L'Italia e le organizzazioni internazionali*, CEDAM, Padua, 1999, pp.341-390 (esp. p.347). One of the few exceptions is F. PETRINI, *The Historiography on Industrial Milieux and European Integration: Bringing the Social Conflict Back In*, in: A. LANDUYT (ed.), *European Integration between History and New Challenges*, Il Mulino, Bologna, 2014, pp.291-323.
10. F. ROMERO, *L'Europa come strumento di nation-building: Storia e storici dell'Italia repubblicana*, in: *Passato e Presente*, 11(1995), pp.19-32 (p.21). This opinion had been already expressed by diplomats themselves at the time and restated by Sergio Romano in the early 1990s: S. ROMANO, *Guida alla politica estera italiana: Dal crollo del fascismo al crollo del comunismo*, Rizzoli, Milan, 1993, p.65.
11. W. ROSTOW, *The Stages of Economic Growth: A Non-Communist Manifesto*, CUP, Cambridge, 1961 [1960], p.137.
12. For sociologists, modernization involves changes in life-pattern measured, among other things, by progress in literacy, industrialization, urbanization, and economic growth. G. THERBORN, *Modernità sociale in Europa (1950-1992)*, in: P. ANDERSON et al. (eds), *Storia d'Europa*, vol.I: *L'Europa oggi*, Einaudi, Turin, 1993, pp.461-613, suggests that the EC did not influence modernization in Europe, as countries both inside and outside perform similarly against each indicator. See the Introduction to N. DOYLE, L. SEBESTA (eds), *Regional Integration and Modernity: Cross-Atlantic Perspectives*, Lexington KY, 2014, pp.xi-xxi.
13. P. GINSBORG, *L'Italia e l'Unione Europea*, in: *Passato e Presente*, 14(1996), pp.85-92 (pp. 89-90); see also P. CRAVERI, *La democrazia incompiuta: Figure del '900 italiano*, Marsilio, Venice, 2002, p.260.

While Romero's judgment set the tone for similar interpretations of the Italian choice of Europe by historians of international relations, Ginsborg's "lack of commitment" thesis chimed in with a widespread reluctance among contemporary historians to analyse the "domestic-international nexus", with special reference to the absence of the European dimension from narratives of Italian history.<sup>14</sup>

The central argument of what follows is that the prospect of Italian membership and participation in moves towards European integration (ECSC, EEC, etc.) was not driven by any conscious "act of national will", but that this is so not for the reasons given by Ginsborg.<sup>15</sup> Italian governments were conscious that, in their country, the rhetoric of a classless and universal "nation state" was tainted and felt duty-bound to disentangle what a fascist regime had collapsed into a single organic entity. Italy, like Europe in general, was a mosaic of different social, economic, and political components, each with its own, often contradictory interests and attitudes. The European option forced political leaders to come to terms with the need to reinterpret classic "national interest" in the light of the new challenges of post-war democratization and modernization. That was no easy task. Not only was it difficult to foresee the outcome, but it appeared even more challenging to understand how integration might affect the various components of Italian society and the economy – and, therefore, their own political hold on power.

### Curbng nationalism by managing capitalism

The first obstacle in the way of any attempt to make sense of Italian participation in the early stages of European integration is understanding what it represented at the time.

When first discussed in the wake of World War II, European integration already had a long record of support among philosophers, political leaders, and some industrialists. In the interwar period, plans for a European political (con)federation along lines suggested by Immanuel Kant and Abbé de Saint-Pierre ran alongside more practical suggestions for regional economic cooperation and European cartels. Most of these were rooted in the structural requirements of incipient mass-consumption capitalism and the need to improve Europe's response to growing US competition.<sup>16</sup> The impossibility of restraining international competition and institutionalization

14. L. BALDISSARA, *Le radici della crisi: Un'introduzione*, in: Idem. (ed.), *Le radici della crisi: L'Italia tra gli anni Sessanta e Settanta*, Carocci, Rome, 2001, pp.9-33 (esp. pp.24-25). For an attempt to correct fallacies concerning the period 1948-53, see U. DE SERVIO et al., *La Prima Legislatura repubblicana: Continuità e discontinuità delle istituzioni*, Carocci, Rome, 2004.

15. A.S. MILWARD et al., *The European Rescue...*, op.cit., p.18.

16. See, e.g., É. BUSSIÈRE, *Les milieux économiques face à l'Europe au XX<sup>e</sup> siècle*, in: *Revue d'Histoire de l'Intégration Européenne*, 3(1997), pp.5-21; M. DUMOULIN (ed.), *Réseaux économiques et construction européenne*, Peter Lang, Brussels, 2004; S. SCHIRMANN, *Quel ordre européen? De Versailles à la chute du III<sup>e</sup> Reich*, A. Colin, Paris, 2006.

zing interdependence led to a surge in aggressive nationalism. As Antonio Gramsci foresaw in the early 1930s, the gulf between the demands of the new form of international capitalism and the introspective nationalism of governments spawned a series of severe crises which culminated in the outbreak of war.<sup>17</sup>

The perils posed by that gulf were further stressed in 1943 by Luigi Einaudi, the renowned liberal economist and federalist and future President of the Italian Republic (1948-1955). For him, both Wilhelm II in 1914 and Hitler in 1939 were “instruments of an historical necessity”: that of funnelling economic and technological forces into one vast European economic space in order to modernize failing national structures. Both had placed on the agenda a problem that needed to be answered either by peaceful means or by force. In the context of modern capitalism, the balance of power would be incapable of ensuring peace in Europe, sapping the economic strength of its member states and encouraging national sabre-rattling.<sup>18</sup>

But would economic competition in an international free market prove less dangerous than military competition in an arena characterized by anarchy? Many thought it would not. History taught that little confidence could be placed in the capacity of an enlarged market to address its own shortcomings and guarantee widespread economic growth. Pre-war market distortion created by cartels was well captured in the key case of German coal by François Duchêne, the close adviser to Jean Monnet:

“Normally, the Ruhr ‘barons’ had only to ration exports of coke or raise prices and freight rates to establish a competitive advantage [...]. French industry had acquiesced in subordination and low output because it was allowed to milk high prices from its restricted home market”.<sup>19</sup>

Jean Monnet’s European Coal and Steel Community (ECSC) was conceived as a way of checking cartels and regulating international competition simultaneously. Restrictive practices should give way to expansion driven by public institutions concerned with efficiency and justice: producers, under the supervision of the ECSC’s High Authority, were asked not to ringfence national markets and to refrain from unfair competition based on practices prejudicial to both workers and consumers. Monnet’s plan was to unmask as artificial the struggles between individual national interests and to focus attention on the more crucial conflicts between private profit and public good, and between strong and weak players. To do this, he and his collaborators adopted a dual-strand strategy. On the one hand, they aimed to break up the monopolies that had dominated the pre-war market while, on the other, they planned to promote an international institutional framework that might provide a forum for equitable discussion between groups with different powers and interests (industrialists, workers, consumers, suppliers).

17. A. GRAMSCI, *Quaderni del carcere* (ed. V. GERRATANA), vol.III, Einaudi, Turin, 1975, p.1756.  
 18. L. EINAUDI, *Per una federazione economica europea*, Rome, Sept. 1943 [clandestine printing].  
 19. F. DUCHÈNE, *Jean Monnet. The First Statesman of Interdependence*, Norton, New York, 1994, p.164.

The ECSC, as initially conceived, seemed more akin to 1930s corporatist attempts to legislate labour and markets in certain strategic sectors than to any *laissez-faire* doctrine.<sup>20</sup> Yet it was based on a totally different concept of society. Where fascist corporatism conceived society as a single organic whole, European integration came to embody a vision of society in which a plurality of groups, values, and institutions would thrive. The core mission of the ECSC was to offer “a multitude of different advantages to different groups”.<sup>21</sup> Pluralism was seen not only as a precondition for dynamic growth and healthy democracy but also by many as the only viable antidote to Communism, replacing a confrontational model (labour *versus* capital) with a non-conflictual paradigm. Readers of Robert Marjolin’s memoirs as of Monnet’s will appreciate that this was their clear direction of travel at European level.<sup>22</sup>

For Hitoshi Suzuki, the institutions of social and industrial citizenship established in the ECSC framework invigorated that “post-war settlement” whose early stages had been fostered by a US-devised productivity drive launched at the time of the Marshall Plan — and whose underlying purpose had been, in Charles Maier’s words, to “displace the conflict from ideological to material issues on which compromise was possible”.<sup>23</sup> This was especially true of France and of Italy, an ideologically polarized country where the Communist Party (PCI), together with its Socialist allies (PSI), had seriously disputed Christian Democratic (CD) leadership ever since the first general election of 1948.<sup>24</sup>

Might a larger market with common institutions and rules offer a new basis for compromise? It might, provided any quantitative expansion of European economy went hand-in-hand with improvements in quality. The common management of the coal and steel sector at European level attempted not only to limit the negative effects of monopolies, but also to ensure that any increase in productivity led to an improvement for all in standard of living. In practice, ECSC efforts were directed at ensuring greater dignity for those European citizens who once occupied the lowest rungs on

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20. On the absence of any doctrinaire approach in the ECSC, see T. WITSCHKE, *The Evolution of a 'Protoplasmic Organization'? Origins and Fate of Europe's First Law on Merger Control*, in: F. GUIRAO et al. (eds), *Alan S. Milward and a Century of European Change*, Routledge, New York, 2011, pp.317-332 (esp. p.331).
21. E. HAAS, *The Uniting of Europe: Politics, Social and Economic Forces, 1950-1957*, University of Notre Dame Press, Notre Dame IN, 2004 [1958], p. xxxiii.
22. R. MARJOLIN, *Le travail d'une vie: Mémoires 1911-1986*, R. Laffont, Paris, 1986, pp.164,170 and 172; F. DUCHÈNE, op.cit., pp.235-236 and 286.
23. H. SUZUKI, *Digging for European Unity: The Role Played by the Trade Unions in the Schuman Plan and the European Coal and Steel Community from a German Perspective, 1950-1955*, doctoral thesis, EUI, 2007; Idem., *El Plan Schuman como acuerdo posbético a nivel europeo: Estrategias, ideas y redes de sindicatos*, in: *Puente@Europa*, 8/i (2010), pp.25-30. See also C. MAIER, *Among Empires: American Ascendancy and its Predecessors*, Harvard UP, Cambridge MA, 2006, p.201.
24. PCI, with PSI, gained 30% of the vote in 1948 (CD got 48%); running alone in the elections of 1953, it achieved 21% (CD slightly under 40%). They maintained this success at the 1958 election, both making small gains. In 1963, against 25% for PCI, CD fell to 37%. See Ministero degli Interni, Archivio storico delle elezioni: <http://elezionistorico.interno.it/index.php>.

the social and economic ladder, such as coal miners.<sup>25</sup> From this perspective, that first essay in European integration differed substantially from previous US-sponsored European cooperative initiatives, such as the Organization for European Economic Cooperation (OEEC) and the European Payment Union (EPU).

After the failure of the European Defence Community, ideas on integration began to turn away from the common management of industrial sectors (coal and steel) and particular public good (defence) to the less intrusive goal of creating a single market, as canvassed in the Spaak report that led to the EEC and to Euratom. In line with lessons learnt in the interwar period, a large and vital market was seen as a fundamental requirement for economic progress in a modern age, especially as the challenge in terms of growth came not only from the US, but also from the Soviet-led group of countries that disputed with Western-style capitalist market economy the palm of modernity.<sup>26</sup>

Yet, while capitalism as a mode of production based on waged labour, surplus value and, to an extent, private property, was accepted as a positive avenue to economic development by pro-integration political forces, most did not favour capitalism as a self-regulatory system operating via price mechanisms.<sup>27</sup> Many would have agreed readily with the French socialist André Philip, who suggested the market should “be extended not by liberalization, but by organization”.<sup>28</sup> As Francesco Petrini argues,

“in the 1940s-1960s, the dialectic was not so much between liberalism and market organization, but rather, and above all, between different forms of market organization, one essentially entrusted to action by the State, the other to the action of private interest”<sup>29</sup>

The common experience of the interwar economic and financial crises as well as the positive results of President Franklin D. Roosevelt’s New Deal, had convinced most European political leaders that, if it was to survive, capitalism had to be saved from its more liberal interpreters.<sup>30</sup> This line of thought, with its first post-war international endorsement in the Philadelphia Declaration (1944), was not rooted in any theoretical stand or radical left-wing ideology, but in a common awareness that economic growth – especially in countries contemplating opening up their frontiers – could not be left

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25. P. MIOCHE, *Fifty Years of European Coal And Steel, 1952-2002*, OPOCE, Luxembourg, 2004. In many instances the conditions of migrant workers in the coal-mining sector were still appalling in the 1950s and subject to bilateral agreements, such as the one concluded between Italy and Belgium in the late 1940s: T. RICCIARDI, *Marcinelle, 1956: Quando la vita valeva meno del carbone*, Donzelli, Rome, 2016.
26. Rapport des chefs de délégation aux ministres des Affaires étrangères, 21.04.1956, p.9.
27. The “social market economy” advocated by the “liberal” Finance Minister of the FDR Ludwig Erhard, “included a surprisingly high level of state spending, regulation, and public enterprise”: A. MIERZEJEWSKI, *Ludwig Erhard: A Biography*, University of North Carolina Press, Chapel Hill, 2004, p.116.
28. Quoted in S. HOLLAND, *Uncommon Market: Capital, Class and Power in the European Community*, Macmillan, Basingstoke, 1980, p.17.
29. F. PETRINI, *Historiography...*, op.cit., p.304.
30. A.S. MILWARD, *L'Europa in formazione*, in: P. ANDERSON et al., *Storia d'Europa...*, op.cit., vol.I, pp.161-219 (esp. pp.178-179).

to the vagaries of the market, the pressure of the most powerful interest groups, or, as John Maynard Keynes famously put it, the ideas of some “defunct economist”. Growth had to be pursued through an “embedded” and not an “unfettered” liberalism.<sup>31</sup>

The Spaak report fully endorsed this view. To attain the best distribution of economic activity, a general increase in standards of living, and accelerated expansion, “the automatic functioning” of the common market “should be corrected or completed through rules, procedures, and common actions”.<sup>32</sup> Article 2, detailing EEC objectives, watered down Spaak’s ambitions but still retained the balance between growth, stability, and living standards. The first article of Title II on “Economic Policy” (art. 104) crucially defined high levels of employment and price stability as equal priorities in any effort to ensure equilibrium between a country’s balance of payments and confidence in its currency. The regional market should be common rather than free, meaning that it should be governed collectively through common institutions and rules, and selectively, when it came to identifiable and compassable areas of action. It should also take account of each member country’s imperative of meeting domestic social needs. The Treaty accordingly limited free competition through a cradle of carefully worded and balanced aims, as in article 92 (banning state aid to industry) which admitted the possibility of public subsidy “to promote the economic development of areas where the standard of living is abnormally low or where there is serious underemployment”, to remedy a “serious disturbance in the economy of a Member State” and to pursue a vast array of additional extra-economic aims.

### Problems on the route to European integration: Theory and experience

The prospect of European integration challenged economists. Assessments by experts working “within the traditional body of trade theory” gave little encouragement to the idea that it would benefit the GDP of participating countries in any substantial way. Others warned Europeans of the possible negative trade-diversion effects of a customs union, as low-cost supply from third countries might be replaced by higher-

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31. A. SUPIOT, *L'esprit de Philadelphie: La justice sociale face au marché total*, Seuil, Condé-sur-Noireau, 2010; S. GIUBBONI, *Social Rights and Market Freedoms in the European Constitution*, CUP, Cambridge, 2006 [2003], pp.1-30; G. FUMI, *Gli accordi internazionali di 'sicurezza sociale'* e la questione delle politiche sociali alle origini della costruzione europea (1947-1956), in: A. COVA (ed.), *Il dilemma dell'integrazione: L'inserimento dell'economia italiana nel sistema occidentale (1945-1957)*, Franco Angeli, Milan, 2008, pp.125-175 (esp. pp.128-130).
32. Title II (Une politique du marché commun) of Rapport des chefs de délégation, p.53 [my translation].

cost provision from customs union members.<sup>33</sup> Not only was it doubtful whether the creation of a European market would encourage growth, but, even if it did, it was unclear which sectors and geographical areas might benefit.

For US supporters of European integration the matter was simpler: there was a clear linkage between a larger market and large-scale, more productive industry because this had been the road to economic growth and global ascendancy for North America.<sup>34</sup> However, Europe could not afford to forget that a substantial number of its citizens were still geared to agrarian rhythms. Despite Cold-War partition, which had left much rural territory behind the Iron Curtain, Western Europe was far from being homogenous. The US pattern might easily lock less developed areas into competitive disadvantages in terms of agriculture, raw materials, and cheap labour. The Spaak report was adamant that it was

“wrong to suggest that, when areas which have not attained the same stage of economic development are suddenly joined together, the lower cost of manpower and the higher return on investment automatically assure faster progress of the initially less developed region, leading ultimately to the alignment of economic levels. On the contrary [...] the gap may widen cumulatively if the basic conditions are not met by public means”.<sup>35</sup>

How to cope with that? Albert Hirschman, Federal Reserve Board economist dealing with the economic reconstruction of Italy and France (1946-1952), and then a financial adviser to Colombia, was among the first scholars to refute the notion that development in backward countries would follow the same pattern as in developed ones in a text of 1959. On the other hand, the dual-economy theory – according to which in economies with low-wage, low-productive sectors and unlimited labour supply, development, once started, appeared to be “an automatic process” would only attain currency, in Italy at least, in the late 1950s.<sup>36</sup> In practice, memory seems to have weighed more heavily in the decisions of European policy-makers than did theory, especially when it came to agriculture. Ever since the 1880s, with the liberalization of markets and the subsequent impact of cheap overseas grain, all continental countries save Denmark and the Netherlands reacted to slumps in international prices by shielding their agricultural sector behind high tariffs. World War I and its terrible consequences for food supply revived the traditional argument about the strategic importance of self-sufficiency. A further price slump, caused by overproduction and

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33. A.S. MILWARD, *Foreign Trade...*, op.cit., pp.122-123; T. SRINIVASAN et al., *Measuring the Effects of Regionalism on Trade and Welfare*, in: K. ANDERSON, R. BLACKHURST (eds), *Regional Integration and the Global Trading System*, Harvester Wheatsheaf, New York, 1993, p.66; A.M. EL-AGRAA, *The Theory and Measurement of International Economic Integration*, Palgrave Macmillan, New York, 1989, pp.143-148; J. VAINER, *The Customs Union Issue*, OUP, Oxford, 2014 [1950].

34. Thus Paul Hoffmann, US administrator of the European Economic Administration (ECA) in his Statement to the 75<sup>th</sup> OEEC Council, 31.10.1949.

35. English translation from S. HOLLAND, op.cit., pp.12-13.

36. See A. HIRSCHMAN, *A Dissenter's Confession: The Strategy of Economic Development Revisited*, in: A. HIRSCHMAN (ed), *Rival Views of Market Society and Other Recent Essays*, Viking, New York, 1986, pp.3-34 (esp. p.13); L. SPAVENTA, *Dualism in Economic Growth*, in: *PSL Quarterly Review*, 66(2013), pp.201-253 (esp. p.251).

economic depression, was to have dire consequences for the sector, as the tariff and non-tariff measures universally adopted proved incapable of guaranteeing food security and political support in a new age of universal (male) suffrage.<sup>37</sup> Frustration among a fearful rural population is often considered to have been a crucial component in the fall from favour of liberal governments and the rise of fascism.

At the conclusion of World War II, agriculture again came under government scrutiny. If the need for self-sufficiency was paramount for countries such as Italy, whose agricultural capacity had been seriously depleted by war and its aftermath, it was especially so in Germany, where partition had deprived the country of one of its most vital sources of food supply. But once self-sufficiency had been attained, the next crucial question would be to balance economic with social and political aims – increasing productivity and cutting underemployment without unduly accelerating rural depopulation. European agriculture was, with few exceptions, in decline by 1950. Two-thirds of European farms were under 10 hectares, less than the minimum needed to support a family when not given over to niche crops or intensively farmed. Incapable of competing with third-world costs and prices, agriculture's contribution to growth was falling dramatically, while dependence on public subsidy increased, as advances in productivity and output were not matched by any comparable increase in income.<sup>38</sup>

Ever since the Spaak report, virtually all national representatives had agreed on the importance of safeguarding “family farms” rather than “large units” that, on purely economic criteria, enjoyed greater productive potential. Family farms were now not simply producers of supplies but “providers of public good”.<sup>39</sup> Walter Hallstein, the leader of the German Christian Democrats and first President of the European Commission, was adamant: “The conservation of the family farm with its independent labour and its human values”, he warned in his first public utterance in this new capacity, “has to march lock-step with the development of modern society”.<sup>40</sup> Presented as a space for freedom and human dignity, the rural world epitomized by the family farm was seen as an antidote to Communism. Yet, for them to resist the siren call of industrial employment and an urban environment with all its political and moral consequences, the dignity of rural workers had to be safeguarded through some form of welfare policy.<sup>41</sup>

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37. M. TRACY, *Agriculture in Western Europe: Challenges and Responses, 1880-1980*, Granada, London, 1982, pp.5-36 and 127-153.

38. R. FENNELL, *The Common Agricultural Policy: Continuity and Change*, Clarendon, Oxford, 1997, pp.24, 232-233 and 236.

39. Spaak Report, p.47; A.S. MILWARD, *Europeanization of Agricultural Protection*, in: Idem., *The European Rescue...*, op.cit., pp.224-317 (here p.228).

40. Speech of 03.07.1958, quoted in K. PATEL, *Interests and Ideas: Alan Milward, The Europeanization of Agricultural Protection, and the Cultural Dimension of European Integration*, in: F. GUIRAO et al. (eds), op.cit., pp.405-421 (412-413).

41. A-C. KNUDSEN, *Farmers on Welfare: The Making of Europe's Common Agricultural Policy*, Cornell UP, Ithaca, 2009.

EEC was not the first instance of international negotiation on agriculture, but it was maybe the first in which this political vision was shared by the majority of participants. No surprise that the extension of the common market to agriculture (art.38) was accompanied by a series of suggestions for public intervention which had no equivalent in the industrial sector (art.39).

### Facts and visions behind Italy's decision to join

In line with European trends, Italy, the last Western European country to do so, returned to pre-war levels of agricultural production by the 1950-1951 harvest. The sector contribution to the economy, however, was falling dramatically: from 42% for the period 1945-1949 (compare 33% from industry) to 13% for the years 1960-1964 (41% from industry).<sup>42</sup>

Despite a general decrease in inequality experienced by Italians between 1948 and 1963, there was a growing gulf between agricultural and non-agricultural incomes: by 1956, Italy was the country with the widest such gap.<sup>43</sup> Although poverty was not confined to rural areas, it was more important there, especially in the South.<sup>44</sup> The 1950 Land Reform created thousands of smallholdings designed to promote subsistence farming and remedy underemployment, but was unable to stop employment rates in the sector falling from 39.9% in 1954 to 31.1% in 1960 – still the highest figure among prospective members – and then to 19.5% by 1970. The 8.5 m. people employed in 1950-1952 plunged to 6.3 m. in 1959-1961 (and 4.8 m. in 1964-1966).<sup>45</sup>

Italy continued to be a net exporter of people throughout the 1950s. Emigration even increased during the early years of the EEC, reaching a peak of 365,611 in 1962; the subsequent drop was mainly due to migration from the South to the industrialized North outstripping the flow across the frontier.<sup>46</sup> After recovering to pre-war levels

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42. M. TRACY, op.cit., p.236; F. BARCA, *Compromesso senza riforme*, in: Idem., *Storia del capitalismo italiano: Dal dopoguerra a oggi*, Donzelli, Rome, 1997, p.5.
43. Indications by family income distribution: V. ZAMAGNI, *The Italian 'Economic Miracle' Revisited: New Markets and American Technology*, in: E. DI NOLFO (ed.), *Power in Europe*, vol.II: *Great Britain, France, Germany and Italy and the Origins of the EEC, 1952-1957*, De Gruyter, Berlin, 1992, pp.197-226 (esp. p.202); R. FENNELL, op.cit., p.90.
44. Commissione sulla miseria in Italia e sui mezzi per combatterla (1951-1954); soon at: [http://archivio.camera.it/patrimonio/archivi\\_del\\_periodo\\_repubblicano\\_1948\\_2008/guida:ITCD\\_00300\\_00002\\_00001](http://archivio.camera.it/patrimonio/archivi_del_periodo_repubblicano_1948_2008/guida:ITCD_00300_00002_00001).
45. H. VAN DER WEE, *Prosperity and Upheaval: The World Economy, 1945-1980*, University of California Press, Berkeley, 1986 [1983], pp.153, 155 and table 14; similar figures in G. FABIANI, *L'agricoltura italiana nello sviluppo dell'Europa comunitaria*, in: F. BARBAGALLO (ed.), *Storia dell'Italia...*, vol.III, op.cit., pp.269-352 (esp. p.308).
46. F. FAURI, *Storia economica delle migrazioni italiane*, Il Mulino, Bologna, 2015, table 4.5, p.198; comprehensive synthesis in P. GINSBORG, *Storia d'Italia dal dopoguerra a oggi: Società e politica 1943-1988*, vol.II: *Dal miracolo economico agli anni '80*, Einaudi, Turin, 1989, pp.293-309.

in 1948, industry was back on its feet by the second half of the decade. The State played a significant role in this process. Luciano Segreto writes of the peculiar national culture of public intervention being affected by longstanding factors like fascism as well as by new technocratic developments.<sup>47</sup>

Three of the most important measures adopted were: firstly, the refurbishment of the *Istituto per la ricostruzione industriale* (IRI), a public body created in 1933 to save business and industry bankrupted by global crises, and which employed an average of 200,000 workers in the first half of the 1950s; secondly, the launch of *Piano Senigaglia* (1950) designed to increase steel production and reduce costs through the adoption of a new production system (the so-called “integral cycle”) rolled out across the automotive industry; and thirdly, the creation of *Ente Nazionale Idrocarburi* (ENI, 1954) to manage the national gas sector and the refining and marketing of imported oil.<sup>48</sup> While some of these interventions focused on structural weaknesses in the Italian economy — shortage of energy and raw materials — others were designed to rationalize and modernize production to withstand international competition.<sup>49</sup> This was a complex undertaking and proper time frames and procedures were difficult to devise. With the quotas on most products removed, the tariff cuts approved by Trade Minister Ugo La Malfa during the De Gasperi administration in late 1951 came in for stick from a wide range of industrialists, not only in the more old-fashioned textile sector, but also from those in chemicals, motors, and steel.<sup>50</sup> Irrespective of size, private companies tended to be hostile to competition and modernization.<sup>51</sup>

Even if, in the words of the solidly conservative historian and diplomat Sergio Romano, defeat in the war had substantially weakened their power to blackmail government, industrial lobbies were still able to water down La Malfa’s provisions. This was particularly true of large companies in the motor industry, such as Pirelli and Fiat (quotas on vehicles were permitted, for example) and in chemicals, as witness the example of Montecatini. Import taxes were set at 45% for cars, 31% for motorcycles, and 33% for tractors.<sup>52</sup>

Most innovations in the 1950s linked to technologies imported under the Marshall Plan involved either two huge national projects (the integral cycle steel production in Cornigliano by Finsider and oil and gas activities by ENI) or, to a lesser extent,

47. L. SEGRETO, *L’Italia nel sistema economico internazionale: Attori e politiche tra anni Cinquanta e anni Sessanta*, in: L. TOSI (ed.), *Politica ed economia nelle relazioni internazionali dell’Italia del secondo dopoguerra*, Studium, Rome, 2002, pp.181-199 (esp. p.188).
48. P. BATTILANI, F. FAURI, *L’economia italiana al 1945 a oggi*, Il Mulino, Bologna, 2014, pp.56-57 and 72-73.
49. P. D’ATTORRE, *Il Piano Marshall: Politica, economia, relazioni internazionali nella ricostruzione italiana*, in: *Passato e Presente*, 7(1985), pp.31-63 (p.50).
50. G. CARLI, P. PELUFFO, *Cinquant’anni di vita italiana*, Laterza, Rome-Bari, 1996 [1993], p.116; F. PETRINI, *Il liberalismo a una dimensione: La Confindustria e l’integrazione europea, 1947-1957*, Angeli, Milan, 2005, pp.48 and 202 f.
51. E. SCALFARI (ed.), *Guido Carli. Intervista sul capitalismo italiano*, Laterza, Rome-Bari, 1977, p. 21.
52. S. ROMANO, op.cit., pp.64-65; F. PETRINI, *Il liberalismo...*, op.cit., p.206; V. ZAMAGNI, op.cit., p.205.

the electricity, chemical and mechanical sectors. Yet, in general “it took time for Italian entrepreneurs to become confident that markets were expanding enough to make the adoption of mass production methods” worthwhile.<sup>53</sup> This may have been down to a “class instinct” that proved stronger than the quest for profit and led to the suspicion that larger and more dynamic markets might strengthen the power of workers and their representatives.<sup>54</sup>

Yet Alcide De Gasperi, the architect of Italy’s return to democracy and one of the most perceptive political leaders in the governing party, appeared well aware that the opportunities offered by integration were not to be measured only in terms of large firms’ interests and could indeed be used to overcome their “class instinct”. Not only was De Gasperi alert to the “interference” between the international and the domestic arena, but he hoped for thorough large-scale intervention to democratize decision-making on international issues.<sup>55</sup> The problem of representation was crucial in a country which had for twenty years endured a fascist regime and where the majority party was living its first experience in government. The CD’s cross-class nature and the granting to women of fully-fledged citizenship through universal suffrage made the issue even more pressing, especially after 1947 when the Communist Party was turfed out of government and it became strategically necessary to erode its electoral base.<sup>56</sup>

“Europe”, De Gasperi wrote just before he died, “has become vital for worker progress”. A united Europe might become a favoured venue for mediation between private and public capital, as well as a testbed for cooperation between capital and labour. If nations and war between them could be overcome, why not social class and class conflict?<sup>57</sup> But how might this be achieved?

De Gasperi’s sensibility to the social implications of economics and to the brutal side to capitalism and free markets mirrored one well established Church doctrine, formally expressed at the time of the first workers’ struggles in the encyclical *Rerum Novarum* on the “Rights and duties of capital and labour” (1891). Since the end of the war, Pope Pius XII, driven by a desire to defeat Communism, had revived that same spirit. In 1944, he called on the state, on local government, and on professional associations to implement social and economic policies designed to protect not only private property, but also “small and medium-sized businesses in agriculture, arts and crafts, commerce and industry” and argued against “the all too stark disparities, often imposed by force, which characterize the global economy”. In 1948, he presented

53. V. ZAMAGNI, op.cit., p.211; P. BATTILANI, F. FAURI, op.cit., pp.62-69.

54. M. KALECKI, *Political Aspects of Full Employment*, in: *The Political Quarterly*, 14(1943), pp. 322-330.

55. See his report to the Council of Ministers, Jan. 1950, quoted in C. SPAGNOLO, *La stabilizzazione incompiuta: Il piano Marshall in Italia (1947-1952)*, Carocci, Rome, 2001, p.261.

56. For CD as an “ecumenical party”, see P. SCOPPOLA, *La proposta politica di De Gasperi*, Il Mulino, Bologna, 1978, p.342; suffrage was extended to women in France, Italy and Belgium during the late 1940s, while it had existed in Germany since the Weimar Republic.

57. *Il movimento operaio e l'Europa* [1953], in: A. DE GASPERI, *Scritti e discorsi politici*, IV/iii, pp. 2726-2732 (2731).

regional cooperation as a way of defending Europeans against the hazards of unfettered global competition and Italian society from the dangerous moral consequences of a total opening up to the outside world.<sup>58</sup>

Devising national strategies in this context was a daunting task and involved finding answers to a whole host of interconnected questions. How, for example, might the creation of a larger European market impact on Italian industry? How would integration affect the interests of industrialists (big and small, private and public) and the relationship between them? Might not association with more competitive economies condemn Italy to relying on comparative advantages in old-fashioned economic sectors and thus entrench its backwardness? In particular, might abundant, cheap labour hamper her from climbing up the economic ladder by discouraging the development of industrial activities involving large investment in either capital or technology? Might the situation require state intervention and so strengthen the public sector? How might Europe impact on unemployment and underemployment? How might all this reflect on labour relations and class conflict, factors omnipresent in the political discourse of the day? Might the benefits of a larger market translate into more employment, higher wages, larger profits? Might the opening of broader markets for Italian goods encourage the adoption of production models similar to US Fordism or, on the contrary, encourage an increase in small Italian firms producing goods that more advanced countries were no longer prepared to make? And what of Italian agriculture? What of the peasants in the South, where large, unproductive estates survived side-by-side with smallholdings created by the 1950 Land Reform initiative? How could one support both sharecroppers (*mezzadri*), who grew olives and tended vineyards, and landlords in the North, whose farming techniques were more like those in continental Europe? How could equitable agrarian policies be devised for wage-earners and small farmers at the same time? Differences existed not only between countries, but within them.

### Beyond diplomatic history: An alternative look at Italian strategy on Europe

If, legally, European integration rested upon a series of international agreements, and thus fell under the aegis of the Ministry of Foreign Affairs, the Italian choice to join Europe raised more than questions of foreign policy: the implications of the Treaties of Paris and Rome were also domestic.

Most party leaders were conscious of this, but many obstacles stood in the way of developing a comprehensive strategy. Firstly, as Guido Formigoni recalls, Italy

58. Radio broadcast by Pius XII to mark the 5<sup>th</sup> anniversary of the outbreak of war, 01.09.1944; Address to the International Exchange Policy Conference, 07.03.1948: texts of both on the Vatican website. See also G. FODOR, *Le grandi scelte del dopoguerra*, in: P. CIOCCA, G. TONILO (eds), *Storia economica d'Italia*, vol.III: *Industrie, mercati, istituzioni – I vincoli e le opportunità*, Laterza, Rome-Bari, 2004, pp.183-211 (esp. pp.196-197).

lacked “an organic and project-based relationship between political cultures, party structures, and foreign policy”.<sup>59</sup> In addition, the sheer number of different economic alternatives hampered the formation of a single coherent policy. Fabrizio Barca describes six parallel and overlapping options out of which DC tried to patch together a course of action that might ensure its own continuation in power: they covered the whole political spectrum, from socialism to liberalism. The chosen “compromise without reform” which Barca sees as typical of the years 1945-1963 not only prevented the implementation of any long-term national development plan such as the *Piano Saraceno* (1948-1952) or the *Piano Vanoni* (1954-1959), but also made it impossible to devise a clear-cut international economic strategy, especially after the death of De Gasperi in 1953, when Italy experienced no fewer than six different governments in just five years.<sup>60</sup>

Amintore Fanfani's accession to the party leadership in 1954 made things no easier. Fanfani came of age as a politician under the aegis of Giuseppe Dossetti, an unconventional party member whose religious fervour and social commitment led him in 1956 to take holy orders. Both had influenced articles of the Italian Constitution that gave the State a leading role in economic and social matters. Together with Dossetti, Giorgio La Pira, Aldo Moro and others, Fanfani set up a group of progressive Catholic intellectuals centred around the review *Cronache Sociali*, whose key message was that the Italian economy and Italian society more widely were too important to be left to private initiative. If it was to survive, capitalism had to be publicly supported and constrained. Europe could be part of this strategy. At the same time, Fanfani was the most Gaullist of CD leaders in terms of foreign policy: he saw Europe as a means of national reassertion and as a way to prevent US hegemony. As he said in 1956: “European politics does not imply any surrender of the national realm. Quite the opposite: it brings importance and meaning to national politics”: in particular, it might help to avoid “satellitism” and “economic stagnation”.<sup>61</sup>

His stance defied two critical allies of the governing party: the US and industry. Differences with the latter over the role of the State as cheerleader for industrial modernization were particularly divisive, his activities being seen by industry as unwanted interference in their business as well as a threat to their interests and political clout.<sup>62</sup> Matters came to a head during the EEC negotiations, when IRI firms, origi-

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59. G. FORMIGONI, *La rifondazione della politica estera nella democrazia repubblicana*, in: F. ROMERO, A. VARSORI (eds), *Nazione, interdipendenza e integrazione*, vol.I: *Le relazioni internazionali dell'Italia (1917-1989)*, Carocci, Rome, 2006, pp.173-193 (here p.189).
60. F. BARCA, op.cit., pp.13 and 21. See also F. PERFETTI, *Verso i Trattati di Roma: L'europeismo di Palazzo Chigi*, in: *La Comunità Internazionale*, 62(2007), pp.23-49 (esp. p.39 n.43). On Piano Vanoni and Europe: R. GUALTIERI, *L'Europa come vincolo esterno*, in: P. CRAVERI, A. VARSORI (eds), *L'Italia nella costruzione europea: Un bilancio storico (1957-2007)*, F. Angeli, Milan, 2009, pp.313-331 (here p.315).
61. Speech to the 6<sup>th</sup> National CD Congress, Rome, 1956: M. TELÒ, *L'Italia nel processo di costruzione europea*, in: F. BARBAGALLO (ed.), *Storia dell'Italia repubblicana*, vol.III, op.cit., pp.131-254 (here p.199).
62. L. MATTINA, *Gli industriali e la democrazia: La Confindustria nella formazione dell'Italia repubblicana*, Il Mulino, Bologna, 1991, pp.275-307.

nally associated with *Confindustria*, were withdrawn in order to join the recently created Ministry of State Investment (*Ministero delle Partecipazioni Statali*). Private industry took this as an attempt to crush the “coalition of employers” at a delicate phase in the transition to full-speed mass production.<sup>63</sup> Fanfani was eventually forced to resign as CD’s secretary after the 1958 political election and room for manoeuvre during his ensuing tenures proved limited.<sup>64</sup>

The underlying concern of most party leaders came to light in 1961 at its first National Study Congress. Achille Ardigò aptly summed it up as the problem of how to oversee the social transformation and economic development of Italian society while maintaining political power. He was particularly concerned about a potential contradiction built into the country’s modernization. Pasquale Saraceno, one of the most perceptive voices of Catholic *meridionalismo*, helped to clarify matters by calling the attention of his party colleagues to its prospective victims. These he identified as small farmers, middle-income groups in the countryside and in little towns, craftsmen, and small businessmen –the bedrock of CD political power at the time – who would be faced with decline or migration to towns and cities with all the upheaval that would imply in terms of social sensibility and political affiliation. The loss of political hegemony would be coupled in the long term, it was feared, with increased social unrest.<sup>65</sup> From this perspective, the potential modernizing effects of an enlarged European market was bound to be greeted with reticence if not anxiety.

It is not difficult to understand why the efforts of Gaetano Martino (Foreign Minister, 1954-1957) to engage the government in EEC negotiation fell on deaf ears. Despite his leading role at the Messina conference (1-2 June 1955), he appeared to be playing a lone hand. Not only, as a Liberal, did he come from a minority party, but he could rely neither on strong political support from the volatile governments of the day, nor on a solidly pro-European attitude from career diplomats in his own ministry, most of whom had been introduced to politics under fascism.

All this made the Italian position even more insecure during the final Rome Treaty negotiations (June 1956-February 1957). The elusiveness of the talented career diplomat and Director General of Economic Affairs at the Ministry of Foreign Affairs Attilio Cattani, the *de facto* head of the delegation, formally headed by Ludovico Benvenuti, was but one side-effect of these circumstances.<sup>66</sup> This created wide scope for *ad hoc* diplomatic action by industrialists from both the public and the private sector, Vittorio Valletta (COE of FIAT) and Oscar Senigaglia (President of Finsider)

63. G. CARLI, P. PELUFFO, op.cit., p.135.

64. S. LUPO, *Partito e antipartito: Una storia politica della Prima Repubblica, 1946-1978*, Donzelli, Rome, 2004, pp.158-161.

65. See F. DE FELICE, *Nazione e sviluppo: Un nodo non sciolto*, in: BARBAGALLO (ed.), *Storia dell’Italia repubblicana*, vol.II: *La trasformazione dell’Italia: Sviluppo e squilibri*, Einaudi, Turin, 1995, p.786.

66. HAEU [Historical Archives of the European Union, Florence], Oral History Collections: Voices on Europe, interview with Bruno Bottai by Maria Grazia Melchionni, 17.02.1998. See also F. FAURI, *L’Italia e l’integrazione economica europea*, Il Mulino, Bologna, 2001, pp.119-120.

being notable examples,<sup>67</sup> though there is little evidence of the existence of any strategic association between business circles and government.<sup>68</sup> Confindustria's interventions were in the main prophylactic and resulted in just a few textual emendations, softening the short-term impact of EEC membership, for example, by recalibrating the initial tariff levels. The same happened to common customs tariff. Similarly, direct lobbying by Fiat played a part in the creation of Article 109, a typical safeguard clause under which automatic tariff-removal measures could be halted in cases of "sudden crises in the balance of payments". Guido Carli, Governor of the Bank of Italy from 1960 to 1975, interpreted these Italian "victories" as *ad hoc* "concessions" made by richer partners to a country that was negotiating with a visible "inferiority complex".<sup>69</sup>

No concessions were made on emigration, despite Italian insistence throughout the 1950s on switching from bilateral agreements to common management.<sup>70</sup> The acceptance of the Italian-sponsored European Social Fund appeared as a consolation prize in this context; based on the model of the "Fonds CECA de reconversion et de réinstallation des travailleurs", it was designed to help European migrant workers cope with any difficulties that might emerge from structural changes in their sector of employment.<sup>71</sup>

A further provision supported by Italy was the creation of the European Investment Bank (EIB) as a way of financing capital-intensive investments in the South out of the European public purse. The idea of using international funds to this end was not new.<sup>72</sup> Yet, this time the request was framed into a comprehensive "European strategy for the South" (*meridionalismo europeo*), an original attempt to link European integration with a particular vision of modernization sensitive to the need to balance economic and social considerations. EIB underfunding and the eventual transformation of *Cassa del Mezzogiorno* from an institution devoted to the structural modernization of the South into a mechanism to manage electoral support finally blocked all

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67. R. RANIERI, *L'espansione siderurgica italiana nel primo quindicennio del Trattato CECA (1952-1967)*, in: R. RANIERI, L. TOSI (eds), *La Comunità europea del carbone e dell'acciaio (1952-2002)*, CEDAM, Padua, 2004, pp.153-219 (esp. pp.154-160).

68. HAEU, Interview with Walter Gardini (General Secretary of the Italian delegation) by Maria Grazia Melchionni, 05.03.1998; F. PETRINI, *Grande mercato, bassi salari: La Confindustria e l'integrazione europea, 1947-1964*, in: P. CRAVERI, A. VARSORI, op.cit., pp.233-258; P. TEDESCHI, *Le AFL Falck, gli industriali milanesi e il "problema europeo"*, in: F. ZUCCA (ed.), *Europeismo e federalismo in Lombardia dal Risorgimento all'Unione europea*, Il Mulino, Bologna, 2007, pp. 57-99; a more nuanced view in L. SEGRETO, *L'integrazione europea e l'Italia: Il contributo della storiografia económica: Risultati e prospettive di ricerca*, in: *Storia delle Relazioni Internazionali*, 13/14(2000), pp.287-294.

69. G. CARLI, P. PELUFFO, op.cit., pp.164-166; in contrast: A. VARSORI, op.cit., p.130.

70. This idea figured in the Spaak Report (Title III), but was resisted during subsequent negotiation and dropped from the final text. In general, see F. ROMERO, *Migration as an Issue in European Interdependence and Integration: The case of Italy*, in: A.S. MILWARD, *The Frontier...*, op.cit., pp. 33-58.

71. F. FAURI, *L'Italia e l'integrazione...*, op.cit., pp.126-127; A. VARSORI, op.cit., p.142.

72. C. SPAGNOLO, op.cit., p.258; B. CURLI, *Ricostruzione e sviluppo: La Banca Mondiale e l'economia italiana, 1947-1951*, in: *Archivi e imprese*, 8(1997), pp.33-71.

serious attempts to convert *meridionalismo europeo* into a fully-fledged political strategy to make Europe part and parcel of a larger initiative to solve core/periphery dilemmas in the countries involved.<sup>73</sup>

## Europe as a route to progressive Fordism: A missed opportunity for the Left?

Since Adam Smith, there has been consensus around the importance of the division of labour for increased productivity and “the wealth of nations”. Mechanization, time-and-motion and other standardization procedures introduced by the Taylorist (or Scientific Management) revolution were a further step in that direction. But they also tightened management control of workers, eventually leading to an upsurge in industrial conflicts. Fordism originated as an attempt to prevent this, by incorporating Taylorist principles and organizational methods in a new socio-economic compromise: the acceptance by the workforce of the alienating nature of modern industrial labour in exchange for built-in wage rises matching productivity. It contradicted Marx’s prediction that increased productivity necessarily gave rise to unemployment, falling wages and overproduction, and claimed, instead, that higher, stable wages might engender “a virtuous circle of growth based on mass production and mass consumption”.<sup>74</sup>

The challenge issued by US Fordism in the interwar period was analysed in 1934 by Gramsci. In his *Americanism and Fordism*, he wondered whether Fordism might take the form of a “passive revolution” imposed by US competition and submissively endured by the Old World, or whether it might produce a structural reorganization of capitalism that, together with emerging consumerism, would remould Europe along progressive and democratic lines. He saw the Fordism adopted by fascism as being of the first kind: a phoney revolution which co-opted worker representatives via a state-led, centralized corporatism and prevented free negotiations at local level between capital and labour. The major problem Italy had to confront in order to overcome this stage lay in the nature of its civil society: with its old fashioned stratifications and legacies (“*sedimentazioni passive*”), it differed substantially from its classless and dynamic US counterpart and would accordingly be less inclined to engage in the egalitarian practices required by a progressive Fordism.

According to Gramsci, the incorporation of Italy in a European context could help to redress this basic handicap, increasing the clout of industrial workers and eventu-

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73. Piero Craveri suggests Ugo La Malfa was the first to use the formula in a 1954 article in *Nord e Sud* entitled *Il Mezzogiorno dell’Occidente*: P. CRAVERI, *Prefazione* and *L’Occhio di Monnet* a Roma, in: R. GIORDANO, *La formazione dell’Europa comunitaria: Lettere a Jean Monnet, 1955-1959*, Lacaita, Manduria, 1997, pp.7-20 (esp. p.9), 249-260.

74. D. NOBLE, *Forces of Production: A Social History of Industrial Automation*, Transaction, New Brunswick, 2011 [1984], p.36; B. JESSOP, *Fordism and Post-Fordism: A Critical Reformulation*, in: A. SCOTT, M. STORPER (eds), *Pathways to Regionalism and Industrial Development*, Routledge, London, 1992, pp.43-65.

ally shifting the balance of power between social classes.<sup>75</sup> But this transformation needed a group of intellectuals to lead it. Where were they in the 1950s? In line with Marxist analysis, left-wing thinkers interpreted integration as the outcome of structural economic trends directed at a merger of capital and markets and the division of international labour on an ever larger scale.<sup>76</sup> Yet, because of what they saw as the deep-rooted bourgeois character of European society and the hegemonic role of the US in it, most Communists feared that a common market would be monopolized by big industrial groups (private and public) at the service of what was seen, in social terms, as a regressive form of capitalism.<sup>77</sup> Few realized that, on the contrary, only European commonly managed public institutions could halt the *de facto* take-over of modern economies by large international monopolies.<sup>78</sup>

The dominant left-wing Italian trade union, the *Confederazione Generale dei Lavoratori Italiani* (CGIL), originally looked favourably on the EEC, seeing integration as rooted in

“objective requirements, such as the necessity to guarantee larger markets for the new productive techniques, to coordinate efforts for a more rational exploitation of technical and human resources, to guarantee an ever more rapid development of underdeveloped regions”<sup>79</sup>

Yet, CIGL stigmatized the free movement of capital required under the treaty – as well as other measures such as the ban on state aid – as political devices aimed at undermining any possibility of state intervention in favour of Southern Italy. Only a handful of Catholic left-wing trade-unionists who had left CGIL in a bid for autonomy was ready to base its strategy on European integration. The *Confederazione italiana sindacati lavoratori* (CISL) was an active participant in ECSC policy-making, but the benefits it secured for workers were not sufficient to achieve the strategic aim of its leader Giulio Pastore – that of building “a bridge between the interests of the

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75. A. GRAMSCI, *Americanismo e Fordismo* [1934], in: *Note sul Machiavelli, sulla politica e sullo stato moderno*, Ed. Riuniti, Rome, 1991, pp.439-504 (479). The essay was first published separately by PCI publisher Canguro in 1950; see also G. VACCA, *Vita e pensieri di Antonio Gramsci*, 1926-1937, Einaudi, Turin, 2012, p.166.

76. M. MAGGIORANI, P. FERRARI, *L'Europa da Togliatti a Berlinguer: Testimonianze e documenti, 1945-1984*, Il Mulino, Bologna, 2005, pp.19-28 (esp. p.25).

77. See for example, G. LONGO, *'Miracolo economico' e commercio estero nello sviluppo dell'economia italiana nel secondo dopoguerra*, in: *Tendenze del capitalismo italiano: Atti del convegno di Roma, 23-25 marzo 1962*, vol.II: *Le comunicazioni*, Riuniti, Rome, 1962, pp.335-421.

78. Interview with Bruno Trentin, *I ritardi della sinistra*, in: M. MAGGIORANI, P. FERRARI, op.cit., pp.99-109; A. GRAMOLATI, G. MARI (eds), *Bruno Trentin: Lavoro, libertà, conoscenza*, UP, Florence, 2010, p.51. More generally, see S. CRUCIANI, *L'Europa delle sinistre: La nascita del Mercato comune europeo attraverso i casi francese e italiano (1955-1957)*, Carocci, Rome, 2007, p.35; M. BRACKE, *Competing Utopias? The Partito Comunista Italiano between National, European, and Global Identities (1960s-1970s)*, in: F. GUIRAO et al., op.cit., pp.268-283.

79. *La posizione della CGIL sul Mercato Comune Europeo*, in: *Rassegna Sindacale*, 31.07.1957, cited in A. VINCI, *La CGIL e l'integrazione europea dopo i Trattati di Roma*, Master's thesis, University of Florence, Florence, 2001-2002, p.12.

proletarian masses and those of the country in general". Nor did it make headway against communist-led political hostility to Europe.<sup>80</sup>

Bruno Trentin, the leader of the oldest Italian trade union, the *Federazione Italiana Operai Metallurgici* (FIOM), and a very early reader of Gramsci's *Americanismo e Fordismo*, was among the few at the time to appreciate the communist quandary. The decision to follow directives from Moscow, which interpreted European integration as an offshoot of US hegemony, and the subjugation of the EEC to Cold-War rhetoric, precluded any possibility of refining Marxist analysis and regarding European integration as the best way of coping with the new incarnation of international capitalism – in order to accelerate modernization and improve working conditions along suitably revised Fordist lines.<sup>81</sup>

Once the EEC was established,

"economists were divided not as a result of templates used by the Left and the Right, nor by the gulf between different economic doctrines. Liberal and neoclassic thinkers were critical of Italian participation in the EEC because they thought that integration limited universal free trade and competition and paved the way for industrial conglomerates, while the so called 'Left' was equally torn apart by the issue".<sup>82</sup>

A heated albeit minor debate arose over the "phase of transition to full-speed mass production". The militant socialist Vittorio Foa, along with Trentin, was among the first to introduce the concept of "neo-capitalism" to characterize this new reality.<sup>83</sup> Capitalism was not on the verge of a crisis brought on by stagnation, as orthodox Communism had predicted, but was instead undergoing a structural revolution. This revolution, which would ensure its survival for many years, would not come without a price in terms of a worsening of working conditions (alienation) and of urban life. Struggling for redistribution would not be enough if the Left was to redirect those crucial emerging changes; the realm of production and its social effects were to be considered too.

The prospect of an enlarged market had much to do with this revolution. It is no coincidence that in 1957 Foa was also among the first to ponder over how best to incorporate European integration into the debate on the Left, rather than just ignoring it. The term neo-capitalism eventually reached a wider readership courtesy of a 1961 survey conducted in *L'Espresso* by one of the youngest and most talented members

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80. A. CIAMPANI, *Un'Europa sociale: Percorsi sindacali e ragioni politiche del contributo italiano*, in: P. CRAVERI, A. VARSORI, op.cit., pp.283-311 (here p.304).
81. See I. ARIEMMA, *Il libro della vita*, in: A. GRAMOLATI, G. MARI (eds), *Il lavoro dopo il Novecento: Da produttori ad attori sociali: "La città del lavoro" di Bruno Trentin per un' "altra sinistra"*, UP, Florence, 2016, p.26.
82. M. DE CECCÒ, *Gli economisti italiani e l'adesione dell'Italia al Mec*, in: G. LUNGHI (ed.), *Scelte politiche e teorie economiche in Italia, 1945-1978*, Einaudi, Turin, 1981, pp.245-257 (here p.247); F. MASINI, "Introduzione" to chapter 3 of G. GIOLI, *L'Europa e gli economisti italiani nel novecento: Federalismo, integrazione economica, fiscalità*, Franco Angeli, Milan, 1997.
83. V. FOA, *Il neocapitalismo è una realtà*, in: *Mondo Operaio*, 5(1957), pp.17-18; Idem., *Questo Novecento*, Einaudi, Turin, 1996, pp.258-259.

of “The Friends of *Il Mondo*”, Eugenio Scalfari.<sup>84</sup> In his view, international competition, properly managed, could support the modernization of capitalism and help to resolve many of the existing dichotomies in Italian society: between less and more dynamic industrial sectors, town and countryside, North and South. European integration could force a “capitalist revolution [...] despite capitalists, but in their interest”.<sup>85</sup>

But trades unions were by then facing a dramatic fall in their power in the more advanced industrial sectors, such as motors, chemicals and electricity (from Montecatini and Pirelli to Ansaldi, Falck, Edison and Italcementi). The 1955 electoral defeat of the old FIOM, at Fiat Mirafiori (by far the largest concentration of workers at a single plant), bewildered trades unions and the Left more generally.<sup>86</sup> Confronted with the pressing problem of sheer survival, questions related to the nature of capitalism and its relationship to European integration sounded very abstract. The situation was made even more difficult by the ambiguous version of Fordism fostered by Fiat in Turin, the “one company town”. Workers were socialized through the carrot and the stick, those loyal to the company being offered the chance to take part in common rites such as holiday camps, to dream of a future of mobility and domestic luxury thanks to productivity bonuses, while politicized workers were ostracized and persecuted. Control as a management’s priority was epitomized by the systematic employee registration scheme.<sup>87</sup> This intervention into their private lives and working conditions, when combined with incentives, discrimination and fear, was far from promoting company solidarity and stability, as Fordism intended. Instead, it incubated a complex set of expectations and frustrations which would later culminate in explosions of anger.

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84. E. SCALFARI, *Rapporto sul neocapitalismo*, Laterza, Bari, 1961, pp.123-124. Created in 1949 around the journal *Il Mondo*, the group, albeit limited in its political reach, became a cradle of new proposals on political economy and finance, civil rights, education, urban planning, and development in the South. See R. COLAZZA, *Partigiani in Borghese: Unità Popolare nell'Italia del dopoguerra*, Angeli, Milan, 2015, pp.115-116.

85. E. SCALFARI, op.cit., pp.71-82, esp. pp.71-72.

86. Interpretations on the defeat of FIOM at the Mirafiori union local elections still vary; see G. BERTA, *L’Italia delle fabbriche: Genealogie ed esperienze dell’industrialismo nel Novecento*, Il Mulino, Bologna, 2001, pp.109, 155; S. MUSSO, *Le relazioni industriali...*, op.cit., pp.199-200. For a militant view, see E. PUGNO, S. GARAVINI, *Gli anni duri della Fiat*, Einaudi, Turin, 1974, pp.67-99, 181-227.

87. Commissione parlamentare d’inchiesta sulla condizione dei lavoratori in Italia (1955-1958), at: <http://www.senato.it/Leg2/4389>. On worker registration, see B. GUIDETTI SERRA, *Le schedature Fiat: Cronaca di un processo e altre cronache*, Rosenberg and Sellier, Turin, 1984. See also G. CRAINZ, *Il paese mancato: Dal miracolo economico agli anni ottanta*, Donzelli, Rome, 2005 [2003], pp.31-56 and S. MUSSO (ed.), *Tra fabbrica e società: I mondi operai nell’Italia del Novecento*, Feltrinelli, Milan, 1999.

## The domestic-foreign dimension of the Italian choice of Europe: Some critical suggestions

The early demise of *meridionalismo europeo* and the impossibility of developing a fully European version of Fordism ushered in the use of integration as a tactical government ploy to bolster short-term policies aimed at consolidating political support.

The connection between national agricultural development and the CAP is a case in point.<sup>88</sup> In the polarized national political arena of the 1950s, the fall in agricultural incomes and the sharp decline in the number of peasants was seen not simply as an economic problem, but also a social and political one. Italy, the land of smallholdings, epitomized a dilemma felt across the board at European level: how to find a role for rural subsistence farmers within the new international capitalist environment. Faced with this situation, members agreed on the advantages of passing some at least of the decisions on this internally divisive issue to a higher authority less open to public scrutiny, especially in countries such as Italy and France, where the rural class was still politically over-represented in parliament and increasingly opposed by a communist party more concerned with the problems of industrial workers.<sup>89</sup>

When it came to hammering out the detail of the CAP, however, European contrasts came to the fore. Europe was a land of differences: in soil, climate, and produce. It was also a mosaic of distinctive historical conditions of development. These were reflected, for example, in different property-rights regimes, inheritance and taxation rules, labour relations law and practice (in wages but also in other matters) as well as average farm size.<sup>90</sup> Article 39 of the EEC recognized the

“particular character of agricultural activities, arising from the social structure of agriculture and from structural and natural disparities between the various agricultural regions”.

Negotiations held to translate it into hard policy were unsurprisingly divisive. Some favoured modernization as a first step (among them Sicco Mansholt, the charismatic social democratic Commissioner for Agriculture from 1958), while for others ensuring stable farm incomes was the immediate priority. Policies of structural improvement would necessarily put pressure on family farms to close shop or else shift to other, more productive, kinds of farming. Given the complexity of the challenges, a system of centrally-managed price support emerged as the least divisive option, as it left each partner to cope for itself with the more intractable issue of structural reform. As Mansholt said at the time, price policy was a mechanism that did not mortgage

88. G. LASCHI, *Le radici di un paradosso: L'integrazione agricola europea e la partecipazione italiana*, in: *Studi Storici*, 37/i (1996), pp.227-272; ID., *L'agricoltura italiana e l'integrazione europea*, Peter Lang, Berne, 1999.

89. On the problem of persuading voters to support farm subsidies, see A.S. MILWARD, *Europeanization of Agricultural Protection...*, op.cit., p.317.

90. T. JOSLING, *Evolution of Distortions in Advanced Economies*, in: K. ANDERSON, *Distortion to Agricultural Incentives: A Global Perspective, 1955-2007*, Palgrave Macmillan and World Bank, Washington DC, 2009, pp.115-176 (esp. p.117).

the future, allowing as it did for the adoption of different strategies, depending on the levels at which prices were set. The rather high prices eventually adopted had the virtue to mediate between competitive and uncompetitive countries: they fit Germany and Italy, as they allowed their less productive farmers to survive, but they also meant higher per capita returns for Dutch and French farmers, who enjoyed lower production costs.

However, given the interconnectedness of agriculture and the wider economy, high prices would affect industrial wages by increasing the cost to families of food, their greatest outlay.<sup>91</sup> In social terms, high prices had an “unequal impact on different groups of farmers” and accentuated the differences among them. In particular, and markedly in the case of Italy, price support kept small farmers afloat, but made them more precarious in the long term and exposed them to a greater risk of political blackmail; in the meanwhile, it helped larger ones, where modernization could accelerate, courtesy of income stability and high profit margins.<sup>92</sup>

On the whole, Italy resulted disadvantaged as far as European subsidies per farm worker. This happened not only because of the predominance in the making of the PAC of the producers of cereals, milk, meat and sugar- while Italy specialized in oils and fats, wine, fruit, and vegetables. For many years, the agricultural sector remained the “Cinderella” in the process of European integration of Italy: an unproductive but politically stable peasantry was, at least in the short term, vital to the CD voter base.<sup>93</sup> Peasant farmers, permanently reliant on public support for their activities (storage costs, paid for by the EEC, and government-financed credits and other forms of public subsidy for the purchase of vehicles, seed, fertilisers, as well as drainage and irrigation works), were a captive market for the exercise of political influence. Whatever the intentions of political leaders, this situation eventually became complementary to an economic growth centered on the industrial hubs of the North, which profited from cheap labour provided by rural migrants. What was originally designed as a short-term substitute for international migration and as a solution to the problems of unemployment and underemployment in the South, turned into an efficient device for disciplining industrial workforce, while also creating a *de facto* subordination of the South to decisions made in the industrial North.<sup>94</sup>

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91. T. JOSLING, op.cit, p.156, table 3.5. G. FABIANI, *L'agricoltura italiana tra sviluppo e crisi (1945-1985)*, Il Mulino, Bologna, 1986 [1979], pp.187-188.
92. R FENNEL, op.cit, pp 6-7, 92 and 300-301.
93. G. LASCHI, *La politica agricola nelle relazioni internazionali dell'Italia del secondo dopoguerra*, in: L. TOSI, op.cit., pp.241-264 (esp. p.249). For one classic calculation of European subsidies, see J. MARSH, C. RITSON, *Agricultural Policy and the Common Market*, Chatham House and PEP, London, 1971, p.169.
94. P. GINSBORG, *Storia d'Italia...*, op.cit., vol.II, p.315; C. SPAGNOLO, op.cit., pp.265-267; G. FABIANI, *L'agricoltura italiana...*, op.cit., p.273. On the preminence of the labour relations stability for Italian capitalists, see F. PETRINI, *Vincolo esterno e lotte sociali: Gli industriali italiani e la fine dell'età dell'oro*, in: I. DE BIONDO et al. (eds), *Fra Mercato Comune e globalizzazione: Forze sociali e la fine dell'età dell'oro*, Angeli, Milan, 2010, pp.15-44 (esp. pp.17,25).

A similar ambiguity surrounds the rise in Italian industrial exports via European markets. Petrini sees it as indirectly deepening shortcomings in domestic demand and the social imbalances accompanying them, offering Italian industrialists the “oxygen” they needed to maintain low wages and high profit margins.<sup>95</sup> Italian wages compared badly with those earned in the other five EEC countries. Companies such as Fiat, however, paid special productivity bonuses (linked to performance in each individual factory) as well as a raft of care and recreational services organized by the company itself as an incentive and a way of exercising control over workforce loyalty. If wages rose more slowly than productivity during the period prior to the Treaties of Rome and right up to 1963, things improved in the years that followed. Meanwhile, at least until the first post-war devaluation in 1962, the purchasing power of workers was enhanced by monetary stability.<sup>96</sup> Many industrial workers and their families during this period experienced improvements in their standard of living. The most insightful among communist intellectuals of the day, men such as Luciano Barca (father of Fabrizio) and Bruno Trentin, had no hesitation in linking these improvements to the increase in exports to the European market and, more broadly, to European integration.<sup>97</sup>

In the short term, the consumer society offered a way to reduce class consciousness and stifle the penchant for conflict among industrial workers, encouraging the growth of a national “lifestyle” as a substitute for traditional social markers. The process accelerated as the lives of workers took on an international dimension with the introduction of TV in the mid-1950s. This “physical unification of Italians” was one of the more enduring legacies of the post-war boom, but it came at a price: engendering a materialistic and individualistic version of emancipation, it reinforced in the long run Italian disaffection for political parties (*qualunquismo*). A culture of refrigerators and TV not only neutered the “revolutionary spirit” of the Italian masses, as some communist leaders had feared, but it helped, slowly but surely, to weaken their political allegiances and feed their selfishness.<sup>98</sup>

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95. F. PETRINI, *Il liberalismo...*, op.cit., p.304; Idem., *Gli industriali lombardi, la Confindustria e l'Europa negli anni cinquanta: La costruzione del grande mercato*, in: F. ZUCCA, op.cit., pp. 627-651. See also M. DE CECCO, *L'Italia grande potenza: la realtà del mito*, in: P. CIOCCA, G. TONILO, op.cit., pp.3-36 (esp. pp.29-30).

96. F. BARCA, op.cit., p.39 identifies a rise of 4.6% in productivity and 1.3% in real wages; this last figure would increase greatly over the years that followed: 5.8% for 1958-62 and 5.9% for 1963-76; R. BELLOFIORE, *I lunghi anni Settanta: Crisi sociale e integrazione*, in: L. BALDISSARA, op.cit., pp.57-102 (esp. pp.68-69).

97. L. BARCA, *Problemi del capitalismo di Stato e della pianificazione*, in: *Tendenze del capitalismo italiano*, pp.65-106 (esp. p.101). See also M. BRACKE, op.cit., p.273.

98. C. ANNIBALDI, G. BERTA (eds), *Grande impresa e sviluppo italiano: Studi per i cento anni della Fiat*, Il Mulino, Bologna, 1999, pp.7-17 (here p.13); S. LUPO, op.cit., p.184; in general, S. LANA-RO, *Storia dell'Italia repubblicana: Dalla fine della guerra agli anni novanta*, Marsilio, Venice, 1992, pp.258-259.

When “the industrial triangle” (Turin, Milan and Genoa) approached full employment in 1963 the day of reckoning beckoned.<sup>99</sup> In a world of full employment and capital/labour confrontation, as Michał Kalecki had anticipated in the 1940s, fear of being sacked would cease to act as a tool to keep workers in line: the absence of potential manpower waiting in the wings fuelled worker assertiveness.<sup>100</sup> Initially, wage increases were met by industrialists, who simply put their prices up. The balance of payments went into the red, not only because of the rise in spending on imports, but also because, with left-wing parties on the verge of entering government, capital began to flee the country. Fears of contagion were expressed by the Federal Republic of Germany, the European Commission and the European Council of Ministers. These fears did much to legitimize the restrictions introduced by the Bank of Italy and its Governor Guido Carli in 1963-1964.<sup>101</sup>

Monetary restrictions accompanied by cuts in public expenditure reduced government wriggle-room, increased unemployment and fanned the resentment of industrial workers.<sup>102</sup> The centre-left forces governing Italy (almost uninterruptedly) from 1963 to 1972 had to confront deep social and political challenges within new monetary constraints. Voted in on a platform to introduce badly needed reforms, they found themselves enforcing fiscal restrictions and overseeing a contraction in investment. State indebtedness and ‘competitive devaluations’ would eventually emerge as the favoured means of squaring the circle.

This would leave the country badly exposed to the consequences of the European Monetary Union and of the devolution of the foreign exchange rate policy to the EU institutions.

## Epilogue

European integration shaped the nature of national modernization in different and often contradictory ways. Despite a widespread awareness of the importance of the domestic-international nexus and of the potentialities embodied in its European version, no endeavour to incorporate it within a strategy for social, economic and political

99. Milward's analysis of three periods (1930-1938, 1950-1969, 1970-1988) showed Italy as the only country with substantially increased proportional unemployment (numbers grew in other countries during the years 1970-1988). If we refine the analysis and use a different timespan, however, we see a fall between 1950-1958 (8%) and 1959-1962 (4.1%). Equivalent figures for France and Germany for those same years range from 1% to 2%: A.S. MILWARD, *The European Rescue...*, op.cit., p.30. For slightly different figures see F. BARCA, *Storia del capitalismo italiano*, op.cit., p.39, table 5.

100. M. KALECKI, op.cit. p.326. More on this text in J. OSIATYŃSKI, *Collected Works of Michał Kalecki*, OUP, Oxford, 1990, pp.571-577 (esp. 574-576).

101. F. PETRINI, *Vincolo esterno...*, op.cit., p.19; Idem., *Grande mercato...*, op.cit., pp.251-255.

102. G. FODOR, op.cit.; M. DE CECCO, *L'Italia grande potenza...*, op.cit., pp.28-30.

development of the country was attempted – except for the early *meridionalismo europeo*.

But should that really surprise us? The economic consequences of joining a regional market were at the time unclear and its presumed political side-effects uncertain if not alarming for a governing party whose priorities were the preservation of social order and the maintenance of its own grip on power. The prospect of an enlarged European export market, when finally accepted by Italian industrialists, did not persuade many of them to incorporate Fordism into their companies, nor did it spur the government to accept the central macroeconomic tenet that mass production and mass consumption could go hand-in-hand with high, stable wages.

During the early years, Europe did not succeed, as De Gasperi had hoped it might, in putting the lid on the struggle between workers and capitalists; it just increased the means of redistribution. Workers' concerns about the alienating aspect of technological progress were for the most part stifled by disciplinary measures and a prudent rise in wages, while, later, the concern of industrialists about the inflationary effects (and profit erosion) of such wage rises were countered by an increase in strikes. The result was a *dialogue de sourds*.

If the ideological and social conflicts that are part and parcel of developing industrialization were for a time tamed by rapid growth, migration and an incipient consumer society, no long-term solution was identified at either European or national level. On the other hand, the damage caused by the CAP to consumers, taxpayers, and third-world producers, was extended, in the long run, to the very family farms it sought to protect.

What began to emerge was a “management of integration, mostly functioning outside the democratic circles and beyond representation”, its favourite tools being “monetary policy and commercial and financial contacts” with Europe.<sup>103</sup> The impression is that monetary policy, under the control of a tiny group of players, eventually came after 1950 to replace the “universal democracy” (*democrazia capillare*) hoped for by De Gasperi as the means of dealing with the new conditions of “reciprocal international interference” in Italian society and economy.

In such circumstances, rather than being an occasion for evolving a coherent development strategy, European integration contributed, albeit indirectly, to the “mis-match between the enrichment of society and its social and civil progress” – the national shortcoming identified in 1961 by Ugo La Malfa in the political manifesto of the first left-wing government.<sup>104</sup> Europe could indeed have served to close that gap, and La Malfa was among the very few political leaders to pursue that goal resolutely right up to his death (1979). But there was no consistent political grouping prepared to take up the challenge and no intellectual leadership keen to fashion the analytical tools that might address this task.

103. R. GUALTIERI, op.cit., p.320.

104. Part of this document of May 1962 is in S. LANARO, op.cit., p.314.