Ace in the hole or hole in the pocket? The Italian Mezzogiorno and the story of a troubled transition from development model to development donor.

Sara Lorenzini

Abstract

This article studies the Italian contribution to shaping the ideas and practices of development in the 1950s and early 1960s, when Italy changed from a case study for social scientists dealing with the problems of development, into a model, and finally into a reluctant donor to less developed countries. It describes Italian thinking regarding economic and social development in the backward areas of the South. It discusses the effectiveness of expert networks in promoting the Mezzogiorno as a case study of development practices in the 1950s. It then focuses on development aid to Somalia and shows how this could hardly be construed as a replication of the Mezzogiorno model in a postcolonial backward setting. Through an analysis of Italian strategy within the DAC, the Development Assistance Committee of the OECD, it finally argues that the Italian authorities were incapable of building on Italy’s economic miracle or of making any significant contribution to Western development aid, dissipating the trust acquired throughout the 1950s.

‘The poverty of Italy is proverbial, especially in the South’, wrote Jane and Andrew Carey, two American political scientists who worked extensively on the Italian and the Greek political systems, in 1955.¹ At the end of the Second World War, in the minds of American experts and officials, this trait made post-war Italy, the country which they were about to rebuild, an ideal setting in which to experiment with ideas and practices of economic development. The Mezzogiorno was a perfect case for a laboratory of the kind envisaged by economist Eugene Staley and described by David Ekbladh in his The Great American Mission.²

This article examines how not only American experts but also Italy used the Mezzogiorno as a model to promote original ideas on development. Through this lens, it identifies the features of a specific Italian contribution to shaping ideas and practices of development in the 1950s.
and early 1960s, when experience in the ‘developed world’ was to be transferred to the ‘developing world’. The superpowers’ ideas on modernisation obviously played a major role in the origins of post-war developmentalism, and how powerful these models were at the outset of the cold war has been widely studied both on the Soviet side and on the American side.\textsuperscript{3} European experience, however, was sometimes crucial in shaping global strategies and this article argues that this was the case with Italian development strategies in the 1950s.\textsuperscript{4} It highlights the importance of expert networks in promoting the Italian South as a case study for development, focusing on how the Mezzogiorno was used by Italian social scientists to get credit in the international epistemic community. In addition to being a laboratory of development itself, Italy also had to deal with the political implications of its own ‘success story’. Put under pressure by its allies, which insisted on Italian participation in sharing the burden of aiding developing countries, it struggled with its dual nature as both a recipient and as a donor, not really willing or able to play on an equal footing with the rich donor countries in the West. This is manifest in an analysis of the strategy adopted in the DAC, the Development Assistance Committee of the Organisation for Economic Cooperation and Development (OECD). Incapable of turning the economic miracle into a long lasting solution for social and economic backwardness in the South, Italian authorities resorted to a discourse that underplayed the potential of Italian development ideas and ended up dissipating the capital of credit and trust acquired throughout the 1950s.

\textbf{An Italian Model to Work With?}

In the late 1940s Italy became a case study for development thinking and practice. Economists and sociologists dealing with Italian post-war reconstruction worked within the theoretical framework of what was called a dual economy. Originally proposed for the Asian colonial
setting by J.S. Furnivall in 1948 and then elaborated by Julius Herman Boeke, the concept of the dual economy postulated the existence of two sectors divided by modes of production and cultural traditions: a small modern urban-industrial sector and a big primitive rural-agricultural sector. In Italy, the modern industrial economy generally prevailed in the North, whereas the traditional rural economy was characteristic of the South. Although the North-South polarisation included a great deal of generalisation, it constituted the framework within which the dual economy argument was mainly formulated. The divide between a richer North and a backward South was considered a major obstacle to the country's economic development and most policy proposals aimed at bridging this gap.

Much like in the Tennessee Valley Authority (TVA) case, the challenge – for Italian policy makers and for American experts alike – was to turn a backward region into an asset. The Mezzogiorno became one of the later frontiers of New Deal expertise and the specific policies resulted from a process of mutual influence between local, national and international agencies. American expertise was already active in assistance programmes on Italian soil. The Rockefeller Foundation was running an anti-malaria programme, which had operated since the 1920s in parallel with the land reclamation projects promoted by Fascist Italy. In 1946 it started a new and successful scheme with additional United Nations Relief and Rehabilitation Administration (UNRRA) support. The scheme was managed by the Regional Body for the Anti-Anopheles Campaign in Sardinia, (Ente Regionale per la Lotta Anti-Anofelica in Sardegna, ERLAAS). However, UNRRA was not mainly concerned with malaria eradication. Rather, it had a specific interest in promoting land reform projects in line with the TVA model. In the immediate post-war period, the focus moved from working on health towards comprehensive social and economic development schemes, in line with the strategies soon to be promoted by the European Recovery Programme (ERP). UNRRA's ideas for Italy favoured rural settlement schemes based on small village units – the communitarian idea of the borghi.
They included land reclamation and irrigation projects, as well as the introduction of modern technologies in farming and cattle raising. This kind of development scheme launched in 1946 was then proposed for financing under the Marshall plan.

From the outset of the Marshall Plan, strategies for economic growth in Italy’s southern provinces were closely related to rebuilding the country’s infrastructure. American policy makers, who used the words development and reconstruction interchangeably, aimed to work on economic and social betterment with a view to conquering hearts and minds in the new Cold War setting. In the mind of Italian policy makers and experts, however, there was a clear-cut distinction between reconstruction of the industrial base in the North and development in the South. Early discussions in Parliament touched on reconstruction, while rural or industrial development in the Mezzogiorno was hardly mentioned. Notwithstanding some doubts expressed within the Marshall Plan bureaucracy, however, the focus soon began to move towards a new attention for rural development. There were two possibilities as to how to organise such an action: either through an organic policy of public works or through the construction of a specific body. These ideas were discussed within the English Title Here Please (Associazione per lo sviluppo dell’industria nel Mezzogiorno; Svimez). A think tank constituted in December 1946 for the study of industrial development in Italian backward areas, Svimez had the minister of industry as its president, the socialist politician Rodolfo Morandi, and numbered among its members several personalities connected with the Institute for Industrial Reconstruction (Istituto per la Ricostruzione Industriale; IRI) which had been the pivot of Italian industrialisation strategies in the 1930s: Donato Menichella, from 1946 director general (and after 1948 governor) of the Bank of Italy, Francesco Giordani, soon to be appointed alternate executive director at the World Bank, Giuseppe Cenzato, long time president of the Southern Electricity Company (Società meridionale di elettricità; SME) and Pasquale Saraceno, head of the Centro Studi of IRI. This group of technocrats, who
considered themselves technical experts with no ideological or political links with the Fascist regime, nevertheless represented a certain continuity with the policies of the interwar years.

As for development in the southern regions, in the aftermath of the Second World War conventional wisdom was that modernisation was a top down process, aiming at transforming peasant culture and social structure through the ideas of an experts’ elite with very limited participation of the local ruling class. Looking more closely, however, there were different opinions on what the best strategy should be.\(^{11}\) As Michele Alacevich points out, supported by the words of the economist and agrarian expert Manlio Rossi Doria written in 1947, the southern question (\textit{questione meridionale}) was primarily agrarian.\(^{12}\) The views of classic \textit{meridionalismo} were fundamentally concerned with land reform and changes in the property rights regime. A more modern take on how to promote economic and social development in the South was the idea of rural development schemes. Indeed, the TVA model loomed large in the mind of several Italian technocrats, who planned a strategy based on land reclamation with electrification, in line with comprehensive projects elaborated at the turn of the twentieth century, most notably by Francesco Saverio Nitti.\(^{13}\) In favour of electrification with industrialisation as the key to development were the Bank of Italy, IRI, the Permanent Committee for the Mezzogiorno (\textit{Comitato Permanente per il Mezzogiorno}), headed by Luigi Sturzo, and a relatively wide proportion of the government, including the Christian democrats Pietro Campilli and Ezio Vanoni, and the socialist Roberto Tremelloni.\(^{14}\) According to this view, which Saraceno dubbed \textit{nuovo meridionalismo}, industrial modernity was key to growth and the development strategy should include the construction of infrastructures and of hydroelectric and geothermal plants, possibly associated with steelmaking.\(^{15}\)

As early as 1947 the Bank of Italy started negotiations with the World Bank with the aim of obtaining resources to finance a plan of modernisation strongly grounded in rural development schemes. The plan was called English please (\textit{Cassa per il Mezzogiorno};
henceforth Cassa). The Cassa was a body governed by public law constituted in May 1950 in order to promote development in southern Italy. Although the name was somewhat misleading, because it pointed at the banking element of the institute, the Cassa was a development scheme. It promoted a wide range of development activities in the southern regions. These included land reclamation and land improvement, watershed development, road construction, aqueducts and drainage, railroads and the development of tourism and the food processing industry.\(^{16}\) The project was originally born within Svimez and subsequently drafted by Menichella and Giordani, who would later negotiate World Bank support.\(^{17}\) Established with the aim of financing and executing exceptional public intervention, the Cassa was meant to operate mostly using ERP funding but also by attracting funding from the World Bank and possibly from the Point Four programme inaugurated in 1949 by US President Harry Truman.

Scholars have argued that the Cassa was the Italian response to US pressures for greater administrative efficiency: it was an institution able to overcome the client networks that scared American business. It promised a more aggressive investment policy: a long-term programme with the aim of putting an end to the atavistic Southern question. Its financing was, however, not as straightforward and the project faced criticism both within ERP and in the World Bank. This included the fact that it was a regional policy with no guarantee of strengthening the national economy as a whole (a prerequisite for the Marshall plan) and, worse, with no clear gain in industrial modernisation.\(^{18}\) Nevertheless, at least at its inception, the Cassa became a ‘success story’ thanks to the remarkable support of Rosenstein-Rodan, the engagement of the Italian government – especially through the Deltec, the Italian technical delegation in Washington, DC – and the action of Mario Einaudi, then professor of political science at Cornell University and an indefatigable mediator between Europe and the United States. It became a symbol of converging interests between the recipient country, US plans for
reconstruction and the World Bank’s turn towards development as broader social re-engineering.\textsuperscript{19}

It was especially through the influence of the economist Paul Narziss Rosenstein-Rodan that Italy became a blueprint for integrated rural development plans. A prominent economist of the Austrian school, previously known for his work on marginal utility and the author of the 1943 article ‘Problems of Industrialisation of Eastern and South-Eastern Europe’, in which he argued that at an early stage of development networks could provide a way out from low level equilibrium traps, Rosenstein-Rodan became famous for his ‘big push’ theory.\textsuperscript{20} Having worked on the Italian case for the World Bank, Rosenstein-Rodan was interested in Italy ‘as an intellectual exercise’.\textsuperscript{21} He was confident that Italy was an ideal experiment in which to test comprehensive strategies aimed at turning a condition of backwardness into that of a highly developed economy. In his \textit{Report on the Development Program of Southern Italy} (July, 1950) he was highly appreciative of the Italian development plan for the South, including the creation of the \textit{Cassa per il Mezzogiorno}, judging it the broadest and most attractive regional development plan in the world.\textsuperscript{22} On the basis of the Italian experience, he argued, some lessons were to be learned for development in other areas, especially that land reform alone was not enough to solve the problem of rural development, and that irrigation plans were able to trigger self-sustained development. Based on the Italian precedent, the World Bank turned to a ‘programme aid approach’, allowing for the fungibility of funds and providing complementary measures of a social character.\textsuperscript{23}

In May 1950 the president of the bank, Eugene R. Black, toured Europe collecting support for this action. Convinced by Rosenstein-Rodan’s arguments, he mentioned the reconstruction plan for southern Italy as one of the bank’s main projects, as recalled by the influential \textit{Economist} journalist Barbara Ward.\textsuperscript{24} The original loan was not especially high – 10 million US dollars were disbursed in October 1951, and a second loan of the same amount was granted
shortly thereafter. In 1955 the programme required refinancing. Because of its peculiarly mixed character, namely as a case for fighting backwardness in a developed country, the Italian case built a bridge between the original activity of the Bank, i.e. reconstruction in developed countries, and new challenges in developing countries.

As a consequence of the World Bank commitment, in the 1950s Italy's southern provinces were placed in the spotlight in the international debate over development aid. For development experts the Italian case became especially attractive. For example, one of the ‘pioneers in development’, Albert O. Hirschmann – who was then working at the Federal Reserve Board – begged for an invitation to Italy in order to deepen his knowledge about backward areas in a letter to the Italian economist and politician Manlio Rossi-Doria. Italy was the place to be, the ideal setting to implement a plan with pre-industrial aims, a plan that aimed at creating the preconditions for industrial development by specifically fostering the development of (?). Unlike other backward areas, the Italian South did possess local capital, know-how and services – just in insufficient quantities. Labour was there, and the prospects of turning agriculture into a high intensity activity were good. The UN Economic Commission for Europe, presided over by Gunnar Myrdal (who had among his assistants Walt W. Rostow, the future guru of American modernisation theory) also devoted special attention to the Italian case when studying the problem of depressed areas and how to promote development within them. Other, more clearly business oriented, projects envisaged the possibility of setting up an ‘Italian laboratory’. David Lilienthal, for instance, who intended to export the TVA model of development worldwide with his Development and Resource Corporation, included Italy in his plans – albeit for a fairly short time.

A View from Italian Experts: Promoting the Model within the Scientific Community
On the eve of the golden era of modernisation theory, Italian expertise on the development of backward areas was especially highly valued. So were its think tanks, in particular Svimez. Among its members and collaborators it numbered several foreign experts. Rosenstein-Rodan, for instance, was a member of Svimez’s steering committee for twelve years and he promoted the involvement of the association in education and training programmes destined for elites from developing countries, in cooperation with the Ford Foundation. Jan Tinbergen and Robert Marjolin were also involved in Svimez activities.

Italian views on modernisation and development were the expression of a very special encounter between Italian economic culture and the problems of underdevelopment. Italian experts were concerned with the Italian South as an underdeveloped area rather than with the plans for former colonial territories. Colonial development projects, such as irrigation in Eritrea, and projects for land reclamation in the Mezzogiorno were considered similar undertakings. However, in the 1950s, with the loss of the colonial empire, the colonial mindset faded somewhat. In Italy, the issue was how to promote growth and increase income without radical changes in social and power relations and with an important role for the State as an agent for development.

An exceptional document on Italian ideas about modernisation in the 1950s, which also shows how much these ideas were taken seriously internationally, at least within the scientific community, are the proceedings of the International Study Congress on Backward Areas (Congresso internazionale di studio sul problema delle aree arretrate) which took place in Milan, in October 1954. The Congress was convened by the National Centre for Crime Prevention and Social Defence (Centro Nazionale di Prevenzione e Difesa Sociale; CNPDS), a Milan based think tank funded in 1948 with the aim of bringing together the law and the social sciences in dealing with ‘the great social problems of our era’. CNPDS was presided by Senator Alessandro Casati, an MP in the liberal group, who had served as minister of
education in the first Mussolini government but had then turned antifascist. The conference was organised by a broad scientific committee that included prominent economists, mostly with previous or actual political responsibilities: Giordano Dell’Amore, president of CNPDS and former minister of foreign trade, Costantino Bresciani Turroni, president of the Banco di Roma, also former minister of foreign trade, Giovanni Demaria, president of the Italian Society of Economists, Giuseppe Di Nardi, head of the Ufficio Studi of the Cassa per il Mezzogiorno, Raffaele Mattioli, chief operating officer of the Banca Commerciale Italiana, Ugo Giuseppe Papi, rector of Rome University La Sapienza and secretary general of the Italian National Committee at FAO, Ferruccio Parri, president of the Institute of Economic Studies (ISE) and former prime minister, Pasquale Saraceno, chief operating officer of Svimez, Roberto Tremelloni, finance minister and president of the Parliamentary inquiry commission on unemployment, Ezio Vigorelli, minister of labour and President of the Parliamentary inquiry commission on poverty, and the economist Francesco Maria Vito.

The explicit purpose of the conference was to promote the ‘export potential’ of the Italian model. According to the organisers it was necessary to awaken – in Italy first, internationally later – the cultural, political and economic interest in contributing to the development of areas that might benefit from Italian experience. The conference focused on the discussion of the recently issued Italian report on backward areas. The main point at issue was: how can the public sector help development? The underlying conviction was that the market was not able to provide a socially acceptable balance between classes or economic regions and that state intervention was needed for this purpose. Through invited papers, the conference asked for comments both on the basis of theory and of past experience. The fil rouge at the conference was the merits of focusing on the public sector, rather than on attracting private capital. Another leading idea was that growth was not just a matter of economics but rather a process involving the whole of society. Therefore, problems needed to be studied along
different dimensions, with the systematic participation of a broad spectrum of social sciences. Finally, there was a fundamental distrust of top-down solutions, which too often were perceived as oppressive or alien to the recipient country.

Even without the accent on private capital, Harry Truman’s 1949 inaugural address, known as the *Point Four* address, resounded throughout the period. Truman’s rhetoric constituted a true revolution in the language of international politics and painted the Cold War with a new coat of messianic humanitarianism. In Milan his words were echoed on several occasions. In his opening remarks, for example, Manlio Borrelli – the president of the Milan Court of Appeal and the vice president of the CNPDS – spoke of aid as a ‘moral duty’ and referred to the spirit of universal cooperation. Giordano Dell’Amore, who was heading the organising committee of the conference, maintained: ‘problems of economic development are essentially problems of international cooperation’. The new cooperative spirit, he contended, was nobler than the old colonial policies. Alongside growth, it was about promoting the healthy democratisation of social life and greater social justice. Development was a matter of mutual advantage: this, he argued, was the key to success.

Italian views on development emerge quite clearly in the conference, much more than they do in official policy documents. They were, however, the views of the experts, and were not necessarily shared at the political level. Among the most interesting points put forward, it is worth quoting the rejection of standardised solutions. Francesco Vito, who was teaching political economy at the Università Cattolica del Sacro Cuore and was one of the most active participants in the conference, explained that ‘we have rejected the idea that the development of backward areas must inevitably follow one single model and should necessarily accept our own concepts and preferences’. In the congress, several voices criticised the Eurocentrism of certain World Bank approaches, offering only one recipe for development and refusing to take into account the fact that certain economic activities could be rejected for cultural reasons.
Italians were also sceptical of the ‘financing gap approach’. Summing up the results at the conference, Federico Gualtierotti, one of the leading Italian experts on poverty reduction strategies, contended that capital was no universal solution, and that injecting capital did not automatically imply better performance in the development of backward areas. The crucial point, he argued, was to promote a balanced growth, taking into account the institutional and cultural setting. Development was a social problem that required fine-tuning. Technology was not a universal value, but rather a variable depending on the social system that produced it.

Several Italian development experts, especially the CNPDS group inspired by Giorgio Ceriani Sebregondi, held dear the social dimension of development. Sebregondi was a central figure of left wing social Catholicism. Interested in connecting the ideas of development in background areas with what happened in the colonial territories, he claimed that self-sustained growth would only be possible if supported by a shared ideology of development as self-help. Sebregondi was against Saraceno’s industrialism, which was eventually to become the mainstream in Italian thinking about backward areas.

Italian social scientists tended to reject the standard view, according to which the starting point for economic recovery and development had to lie in the agricultural sector and consisted of increasing agricultural production as a first step. Only then could one move to industrialisation. The charismatic and symbolic figure of Italian developmentalism, Pasquale Saraceno, claimed that it was the other way round, and that industrial development was the only key to development. The Italian case in fact proved that developing agriculture and providing infrastructure were not enough to ignite the ‘big push’. His arguments at the conference replicated the theses discussed in *Lo sviluppo economico dei paesi sovrapopolati*, his well-received book of 1952 on the development prospects of overpopulated areas – overpopulation and backwardness were two concepts that were used as synonyms. He was critical of a strategy, which focused primarily on public works and infrastructure, fearing that
this would result in magnificent roads and public monuments in the middle of nowhere, while abandoning the masses to their atavistic poverty. His American reviewers, however, tended to criticise the ‘familiar argument of the mutual interdependence of agriculture and industry’ as a fairly old stance in economic theory and were troubled by Saraceno’s claim that economic misallocation trumped social and political maladjustments in determining Italy’s historically rooted backwardness.43

The ideas of Saraceno and of the nuovo meridionalismo discussed at the conference were clearly industrialist, and therefore different from the approach of the Cassa per il Mezzogiorno. The Cassa, as described previously, was closer to the colonisation and land reclamation projects of the interwar years rather than to the new Italian ideas for promoting modernity. This should not come as a surprise, since the ‘Italian TVA’ was set up in order to be appealing to American capital and to the New Deal experts who were involved in the decision on funding. By contrast, Saraceno stressed the industrial side of the story that was left in the background in the Cassa project. He argued that times were ripe to enter a new stage in Italian regional development: the strategy of industrial zones.44

In the second half of the 1950s, the predilection for industrialisation became clear. Donato Menichella succeeded in negotiating with the president of the World Bank new credit for 240 million US dollars for the years 1955–59, mostly financing big hydroelectric plants through IRI controlled factories, and 40 million for the Garigliano nuclear power plant.45 Again, Rosenstein-Rodan was crucial in securing the continuation of World Bank support, and the Bank justified the continuation of aid with the following aims: help industrialise the area, help carry out infrastructure and provide irrigation.46 The distance from its origins was clear: in 1951 ‘the Cassa would lend the counterpart to private companies for the financing of industrial projects’ but would confine itself to basic works of a public character such as roads, irrigation and land reclamation. It was mainly a public works programme with the potential of
stimulating private initiatives in both agriculture and industry. By contrast, in 1955, there was only one irrigation project (the Catania scheme) whereas the other projects concerned electrification or industrialisation.

In 1955 the Third Southern Italy Development Project was meant to finally solve the Southern question which had crippled Italy for generations. The reason for fundamental support of the Cassa was not so much the success of the project itself, which was slow to start operations, but the positive evaluation of the perceived ‘contribution of the Cassa to the changing economic climate’ in Italy, especially the fact that, according to the prevailing interpretation, the new institution had provided stimulus to other parts of the national economy – it had helped boost industrial growth in Northern Italy. In his 1956 report Black stated that he was ‘impressed by the scale of the Cassa’s activity, by the evidence of the work already accomplished, by the size and difficulty of the work still ahead and by the energy and ability of those charged with carrying it forward’. The positive attitude continued throughout, with an optimistic evaluation of the accomplishments in terms of improved transportation and sanitation, increased supply of electric power and extended credit, on attractive terms, to industrialists. The ‘monumental task of industrializing the South’, the report concluded rather pompously, had begun in earnest.

Exporting the Italian Model

The Italian model was considered a success because of the extraordinary boom of the golden age, which in Italy was called the economic miracle. The growth rate of Italian GDP reached peaks that were significantly higher than the European average: 5.7 per cent in the years 1949–58, 6.3 per cent in the years 1958–63 and 4.8 per cent in the years 1964–74. Economic historians largely agree that such a performance was due to the choice for free trade made by
the post-war elites, who abandoned the fascist recipe of import substitution industrialisation. It was favoured by the new international economic order (including with US assistance), by low energy costs and a high rate of domestic investments.50 The top down strategy of ‘passive modernisation’ described in the previous paragraphs was meant to compensate for the lack of cooperation of the ruling class in the Italian South. The lack of a broad social consensus, however, implied huge failures. Growth did occur, but without eradicating the backwardness and inequality that was characteristic of the Mezzogiorno. Results were disappointing. Rural development in the form conceived by the *Cassa* did not work. The dynamo was there, but the transmission belt did not function, Rosenstein-Rodan commented bitterly in 1963. The solution, he speculated, conceding to the ideas of Saraceno, could lie in a more industrialist strategy.51

Nevertheless, until the 1960s Italian social scientists were fairly successful in presenting the Italian test case as a model for developmentalism. This knowledge, however, did not become an integral part of Italian foreign policy towards developing countries. There was a wide gap between political/strategic views and economic/developmental issues. The latter became to a certain extent a concern of the ‘parallel foreign policy’ of the big state companies, and especially of the National Hydrocarbons Corporation (*Ente Nazionale Idrocarburi*; ENI). By contrast, the approach of Italian foreign policy was rather traditional and remained so throughout the entire modernisation era.

Since the late 1940s, as soon as the colonies were lost, Italy paid lip service to the merits of decolonisation and spoke of a new kind of cooperation with the soon to be independent countries in the Mediterranean. Forgetting its recent past as a colonial power, which was hardly mentioned, Italy claimed to represent the interests of the developing countries. This would remain a constant in its relations with the Third World, in which Italy typically embraced the rhetoric of solidarity with the least developed countries. The case of ENI’s
president, Enrico Mattei, recalling the Resistenza as a parallel to national liberation movements in newly independent countries, is quite archetypal of this attitude amongst the Italian elite. Italy’s self portrait was that of a nation willing to establish an alliance with weaker countries against the powerful, or to build a bridge with developing countries. It was a country that was learning the lesson of underdevelopment by living the problem of its own dual economy.

The rhetoric of solidarity did not translate into consistent policies, however. The attitude of post-war Italian institutions toward the former colony Somalia gives especially convincing evidence of the inability to transfer the Italian model abroad. After the war Italy had lost all of its colonies. However, through the trusteeship regime introduced in the aftermath of the war, it could maintain the administration of Italian Somaliland. This was a potential chance to test state building in a backward area. From 1951 until 1960 Italy served as a trusteeship administrator of Somalia through the Trust Territory of Somaliland under Italian administration (Amministrazione Fiduciaria Italiana della Somalia; AFIS). This framework provided for the gradual abandonment of the African territory through a slow process of involving natives in the administration – the word used was ‘Somalisation’. Allegedly, the new policies were to prepare Somalia for independence, promoting political and economic self-sufficiency. However, both the people involved and the policies they came up with were barely distinguishable from the colonial past. The agro-industrial projects sponsored by AFIS, for example, were in clear continuation of former colonial projects.

At the inception of the Italian trusteeship period, the Italian foreign ministry and AFIS commissioned a study on Somali development prospects. Written by Giovanni Malagodi, the then Italian representative at the Organisation for European Economic Cooperation (OEEC), with the support of the local (Italian) authorities and with the help of Giorgio Sebregondi of Svimez, the report was published on 26 August 1953 and was entitled Linee programmatiche
per lo sviluppo economico e sociale della Somalia.\textsuperscript{55} It was compiled using the data collected by several missions of enquiry organised through the cooperation of international organisations, including the International Labour Organisation (ILO), the United Nations Technical Assistance Programme and the Food and Agriculture Organisation (FAO). In the introduction it began by picturing quite bluntly the colonial structure of the economy, stating that the productive sector was ‘strongly in the hands of non-autochthonous minorities, especially Europeans’, and particularly Italians.\textsuperscript{56} International aid supported productive activities, what Malagodi called ‘the monetary economy’. This meant that aid was only used to finance the activities of Italian residents. In his article on ‘The Somali Buccaneers’ the famous antifascist politician and journalist and co-author of the Ventotene Manifesto Ernesto Rossi had already exposed the scandal of the banana export business, including the subsidies flowing into the hands of a few privileged concessionaries connected with the monopolistic banana production, the Monopolio Statale Banane (MSB).\textsuperscript{57} The plan for future investments sketched in the rest of the report was very detailed and included, in this order, education, health, transport (exclusively roads), agriculture (measures abolishing monopolies and reducing subsidies for the banana production), animal husbandry and industry (transformation of local products only). In general the idea was to save money by Somalisation and by reducing Italian personnel in schools and hospitals. A future development plan could be financed solely through a reduction of expenditures. The total amount of resources needed for the plan was 100 million Schilling (15 million US dollars), about 17 million per annum, of which a maximum of 15 million could be invested by the administration, while the rest was to come from private sources.

AFIS was put under pressure by the UN Trusteeship Council to formulate and carry out a comprehensive development plan as soon as possible. The US International Cooperation Administration (ICA) had also undertaken a series of technical assistance surveys in Somalia,
and US collaboration in drawing up the Seven Year Development Plan became especially important. American suggestions replicated the main points provided by Malagodi in his *Linee programmatiche*. The result was not as comprehensive, though. Public health was not included, nor was education. The plan focused particularly on projects designed to improve indigenous agriculture and favour the pastoral economy. Special attention was devoted to irrigation and land reclamation projects, but also to constructing storage facilities for grain, and on the provision of agricultural machinery. Specific projects of land reclamation had a long history. This was the case, for example, of the Italo-Somali Agricultural Society (SAIS), which had been built in the colonial period to export crops (cotton) and later for sugar production and counted as one of the success stories of Italian colonialism. In addition, the plan provided for a local bank (Credito Somalo), which would offer loans to local farmers. Communications were also significant, even if it was essentially about the maintenance of roads and ports with the aim of preventing impairment of existing connections. The development plan started in 1954. It was not fulfilled. The actual expenditures were always much below the originally estimated figures. However, it became the backbone of future development assistance. As for financing, little more than 2 per cent of the total requirements were obtained from private sources: the rest was publically financed from US and Italian resources, through the ENGLISH HERE (*Fondo per la Valorizzazione della Somalia*; FVS, a joint Italo-American fund) together with AFIS and the wholly Italian funded ENGLISH HERE (*Agenzia di Sviluppo Economico per la Somalia*; ASES). Through ASES Italy offered specific funding for sectors that were not included in the plan. As recent studies on AFIS show, education was a special concern of the Italian administration. The AFIS report presented at the aforementioned Milan conference stressed those sectors in which intervention had taken place: health system, veterinary medicine, housing policies, price controls, education and training (in cooperation with UNESCO) and social protection. Only at the end did it mention
agriculture, i.e. pilot projects for land improvement in rural areas. In the last three years of the trusteeship, Italy offered aid to Somalia for 4 million US dollars per year (on average). An important proportion of the funding was devoted to financing the banana monopoly. Notwithstanding the fact that it was the only significant aid programme provided by Italy, intervention in Somalia did not become a part of public discourse. Italian policy makers had no interest in stressing this policy. On the contrary, they were promoting the ‘no colonial legacy’ thesis.

The developmental ideas stemming from the domestic experience with the South found an echo in the initiatives launched by Italian State-owned companies, and especially ENI, which became an engine for Italian activities abroad. In her book/article/something Elisabetta Bini provides a full picture of the correlation between business interests and the promotion of a new idea of Italian culture in ENI’s actions. Enrico Mattei shared with other members of Italy’s industrial elite, notably Adriano Olivetti, the hope for a cultural renewal. Part of this project was about bridging industrial culture and literature, technical knowledge and the humanities. At the turn of the 1960s this resulted in the publication of periodicals that insisted on the osmosis between arts and applied sciences, where ENI’s journal English please (Il Gatto Selvatico) was in good company with several others – ENGLISH (Politecnico), ENGLISH (Il menabò), ENGLISH (Comunità), English (Civiltà delle Macchine). The drive towards modernity also passed through the promotion of social sciences in Italian culture. In the late 1950s, riding the wave of what was happening on the other side of the Atlantic, social scientists came to be seen as the ideal interpreters of modernity and sociological studies became a must in Italian culture as well. This contributed to the relevance of the ideas discussed by the think tanks dealing with development, public intervention and planning mentioned earlier. It also reflected in the organisation of specific courses on the political economy of development.
The English Scuola di studi superiori sugli idrocarburi, a graduate school on hydrocarbons instituted by ENI, was a product of the new intellectual trend, and brought together the tradition of Italian developmentalism (in its very special vein called ENGLISH, nuovo meridionalismo) and the export of a new Italian model of business. The school was the creation of Marcello Boldrini, former president of the International Institute of Statistics and a professor at Università Cattolica in Milan. It was based on the idea, typical of ‘modernisers’, that Western culture was to become the paradigm for Third World students. Boldrini was convinced that industrialisation represented an inevitable and irreversible process, which moved from the West to the underdeveloped world. He argued for the need to introduce forms of economic planning in newly independent nations. He considered development not simply a matter of technological transfer, but a cultural issue, a struggle against backwardness and ignorance. He was therefore against Africanising culture, since he identified traditional culture with backwardness. Staffed with a transatlantic faculty, the School was able to attract students from developing countries. By the mid-1960s, ENI’s graduate school had become an internationally renowned institution in the field of hydrocarbons: it received official recognition by UNESCO and it was identified as an example of best practice by the Italian government, which praised its role as an important vehicle for the transfer of Western technical knowledge to the Third World. In the very same years, however, the special relationship between ENI’s management and the political elite in Italy, based on a shared cultural background, ceased to exist. New centre-left governments introduced different priorities. ENI was in a phase of financial crisis and indebtedness and also changed its strategy. Originally focused on supplying energy, it turned into a buyer of other producers’ oil and invested in the transformation (plastics, petrochemicals) and distribution industries. Giving up on owning exclusive rights to oil wells was to become critical when oil prices increased rapidly in the second half of the decade.
Svimez also developed its own programme devoted to graduate students, equally endowed with an international faculty – one of the members was Rosenstein-Rodan. With the support of IRI and later of UNESCO, the Svimez programme was even more focused on the transmission of the Italian model of development. In the decade 1958–1968 it offered graduate courses on the problems of economic development, on the theory and the politics of development, on industrial production, and on regional programming. Specific training on Italian economic development, agrarian reform and industrial development of the Mezzogiorno was reserved for foreign students. Other courses were organised for students selected by IRI. Several courses were held in Spanish, given that a great number of the students came from Latin America; these were selected through the Organisation of American States (OAS).

Playing the Card of the Dual Economy: Italy’s Predicament in the DAC

While the late 1950s were dominated by the idea of transferring knowledge, at the beginning of the 1960s the issue was slightly different. It was no longer just about knowledge or experimenting with technocratic ideas but rather about financing development. Modernisation became a global project. Spurred by US leadership, Western powers attempted to join forces in order to share the burden of development aid. The Cold War motivation in this new global effort for development became unmistakably explicit. The most comprehensive attempt to organise joint Western cooperation in aid matters was the DAC in the OECD.

From the very beginning participation in the DAC was a challenge for Italy. The country was admitted to the donor club as a reward for the Italian economic miracle. However, its claim for status as a regional power would be tested through the performance in aid giving, stated
US Ambassador Truthill in 1961. The head of the Italian delegation, Ambassador Egidio Ortona, complained that the working methods in the DAC meant that each member was to be permanently on trial. Italy still needed to complete a ‘difficult metamorphosis from recipient into donor’. Not willing to give up their ambitions, Italian politicians repeatedly declared that aid to Third World countries was an axis of foreign policy. Nonetheless, turning into a donor was a complex transition that needed to be ‘digested’ both domestically and internationally. The impasse with the social and economic conditions in some parts of the country was a real concern and it had been thrown in public opinion's face in April 1959, with the shocking report ‘Africa at Home’ (‘L'Africa in casa’) published by the Italian periodical L’Espresso. Here, the picture of a situation of extreme poverty and backwardness no different to that provided in the Franchetti-Sonnino enquiry of 1876 and depicted again in 1945 in Carlo Levi's Christ Stopped at Eboli (Cristo si è fermato a Eboli) did not fail to pierce the veil of the rhetoric of the economic miracle. The message was clear: it pointed the finger at the ‘cosmetic approach’ (atteggiamento estetizzante) that presented an idealised picture of life in the Mezzogiorno, in which the miserable reality of extreme poverty and disease was turned into the reassuring picture of a ‘poor but happy’ world.

The parable of institutional efforts in the 1960s, for a long time liquidated as the prehistory of Italian aid, is now well described by Elena Calandri, who tells a story of poorly financed technical assistance projects and clumsy attempts to pass off export credits – first introduced in 1953 – as real financial aid. After a very timid start with the so-called Pella plan (1957), which used Marshall Plan counterpart funds for development projects in countries of the Mediterranean and of the Middle East, in June 1962 the new centre-left government, led by Amintore Fanfani, promised a more significant engagement. However, there was no dramatic change throughout the 1960s and hardly any institutional development at all. Italy had no ministry or a special agency in charge of development aid. There was little discussion in
Parliament, with very few exceptions: the discussions on export credits, in 1961, and on the refinancing of technical assistance for Somalia, in 1962. The first time development aid had a specific session devoted to it in Parliament was in November 1966 with a debate on Mario Zagari's report on cooperation with developing countries, English title please (Politica di cooperazione con i paesi in via di sviluppo). The report mentioned explicitly Italy's (allegedly) successful experience with underdevelopment in the Southern regions as a model to offer for imitation to other developing countries.79

In the DAC meetings, any pretext was an opportunity to explain why aid for developing countries was not a chapter in the national budget. Italian aid was much below average when compared with the performance of other DAC members. Technical assistance was a continuation of existing programmes, and public opinion could not be convinced of the necessity of increasing development aid. Aid to developing countries and aid to the Mezzogiorno were presented as competing alternatives, and there was no doubt that parliament and public opinion would give priority to the domestic setting. Throughout the 1960s credits for development aid were acquired on a project basis on the capital market and Italy refused to substitute these comparatively expensive sources with budget appropriations. Aid to Somalia was the only aid provision included in the State budget: a total of 13.9 million US dollars in 1963.80 It incorporated the guarantees of currency stability, technical assistance to develop public services, training studentships, trade at Italian-guaranteed prices above the world banana crop rates, participation in the development of infrastructure and projects for the restructuring of the sugar industry and the banana plantations. Autonomous views on what development path was to be followed were still lacking on the Somali side, and the Italian government was allegedly helping Somalis develop their own plan. This special attention to Somalia had its roots in the colonial past. It was the result of 'long term existing links' that could not be replicated in 'other financial operations', Italian representatives
repeatedly claimed. The special connection with export monopolies led the Italian Communist Party to label Italian aid to Somalia, and aid in general, as neoinperialism and this domestic predicament was a good reason for downplaying foreign aid in Italian foreign policy.

Ever since the introduction of annual aid reviews in the DAC, in 1962, Italy was repeatedly in the crossfire of critics. It used the South to respond to these critics. Incapable of riding the crest of the wave by promoting the Mezzogiorno as a unique knowledge base that gave Italy an advantage over other donors, it chose to present it as a *vincolo interno*, a domestic constraint, which justified the lack of compliance with the requests to increase aid. From the very beginning Italy had stressed its peculiar position as a simultaneous donor and recipient. Ortona stated that Italy was ‘psychologically prone to feeling like a recipient rather than a donor country’. All members accepted the nature of Italy as ‘one half a developing country’ but were interested in the value of the experience in the development of the Italian Mezzogiorno, and whether it could be a model for assisting the less developed countries in perfecting their own development policies. The West Germans in particular stressed this point, both in the DAC and in bilateral relations. The documents prepared for the Rome visit of German Chancellor Ludwig Erhard in January 1964, for example, explicitly cited development aid as one field of strategic cooperation between the two countries. The papers mentioned the prospects of using institutions providing assistance for domestic economic development (like IRI) for developmental purposes abroad and, more generally, the possibility to extend the experience of the plan for the Mezzogiorno to other backward areas. Italians, however, did not react to these suggestions and instead asked for German financial support for the development of its own backward regions.

In 1966 DAC Secretary Willard Thorp renewed the expectations on Italy’s contribution to the aid effort: Italy was one of the world’s most industrialised countries and deserved special
consideration ‘because of its geographic position, its economic and cultural links with many developing countries and because of the impressive experience with its own economic growth’. These expectations were clearly connected to the economic miracle and to the role of Italians as exporters of knowledge on development. Notwithstanding the expectations, however, increasingly and with a clear responsibility on the side of Italian foreign policy, the prospect of using the Mezzogiorno as a tool to promote Italian expertise was increasingly (and with a clear responsibility on the side of Italian foreign policy) supplanted by a different discourse: ‘the problems associated with the underdevelopment of the Southern part of Italy’ were now used as a justification for underinvestment in aid policies. This was partly a consequence of the poor performance of the development plans for Southern Italy and of persistent economic backwardness. As a result, the special value of previous experience was dissipated.

Conclusion

In her 2010 review of the literature on development Corinna Unger has pointed out that we know relatively little about the transfer of colonial development approaches to European settings or vice versa, calling for more systematic attention to the issue. This article should be read in the light of this suggestion since it connects two narratives that are normally kept separate: the history of domestic economic development and the history of foreign aid. In the 1950s Italian social scientists were successful in accrediting the Italian model of a developmental state that had been put into practice in the development of the Italian South. Some of their ideas were the natural progression of domestic development experiences in the early twentieth century and interwar years. These continuities, however, were downplayed in the official rhetoric because they were the source of political predicament.
Thanks to the involvement of a whole web of international experts (especially American or American-based) Italy became a ‘laboratory for development’. Development ‘the Mezzogiorno way’, when presented as a success story, could possibly be exported to less developed countries. This model, however, was not applicable to very backward situations. For instance, it was not applied to Somalia, although the former colony that was essentially the only place where Italy had an aid programme worthy of its name. One way to export Italian ideas was to provide training and education to technical elites of Third World countries. Italian based but internationally staffed education programmes were therefore open to students from North Africa and Latin America, including the ENI graduate school for hydrocarbons, or the Svimez graduate programme offered to prospective technocratic elites in Third World countries.

The Italian authorities, however, were not able to fully exploit the potential created by the epistemic community. In the UN General Assembly lip service was paid to the rhetoric of solidarity and pointed to the Mezzogiorno as a model for development, but in more technical meetings, such as in the DAC, Southern Italy tended to be presented as a mere burden – a drain on resources with little progress. They did not consistently rely on the domestic network of development experts to back their ideas in the DAC and thus failed to capitalise on the potential of the Mezzogiorno model. Fearful of requests for financing, they did not dare focus on success and rather insisted that Italy was a country still having to cope with a huge problem of backwardness.

In the second half of the 1960s the trust in Italian development as a model to be exported was decidedly fading. At the end of the decade even the ENI graduate school lost momentum and did not fulfil its original mission of educating Third World elites. Part of the decline of the model was due to the fact that, notwithstanding the economic miracle, the problems of the dual economy persisted. In 1963 Rosenstein-Rodan complained of the lack of a transmission belt that could turn injection of capital and infrastructures into development. To a certain
extent he converted to the industrialist ideas of Saraceno but simultaneously warned of the threat of constructing islands in the sea. Further developments in the 1960s proved that a bigger dynamo was no good substitute for the lack of transmission belt. The network of small enterprises which were to work with big industrial complexes did not materialise. Even the champion of Italian development ideas, Pasquale Saraceno, could not but draw very pessimistic conclusions from the special case of the Italian Mezzogiorno for the general case of backward countries. The development of a backward area of a country, he now argued, was a by-product of the development of a wealthy area, and catch up was impossible. Therefore, he concluded, with a somewhat unexpected touch of structuralism, ‘the development programme for an overpopulated area must even in the initial stages resist any dualistic tendency’. The domestic failure of the model exacerbated Italy’s lack of commitment to completing the transition to trustworthy donor country.

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FULL POSTAL ADDRESS HERE, University of Trento; sara.lorenzini@unitn.it

1 See J. P. Clark Carey and A. G. Carey, ‘The South of Italy and the Cassa per il Mezzogiorno’, The Western Political Quarterly, 8, 4 (1955), 569–88. It is not necessary to note the short title as “thereafter”, only to use it in later footnotes. Please remove throughout. Apologies if this is not clear in the notes to contributors.


4 For a picture of national development aid policies see the special issue on this subject: Contemporary European History, 12, 4 (2003).


18 Bernardi, *Riforma*, 307–9


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60 Lorella Tosone, Aiuti allo sviluppo e guerra fredda. L’amministrazione Kennedy e l’Africa sub-sahariana, (Padova: CEDAM, 2008), 218.

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It was a special fund managed by the OECD with the aim of mobilising capitals and offering loans on soft terms. See Alessandro Brogi, *L’Italia e l’egemonia americana nel Mediterraneo* (Firenze: La Nuova Italia, 1997), 280–3.

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